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CANBERRA MOVES TO TAKE CONTROL OF COASTAL SHELF FROM STATES

Sydney THE SYDNEY MORNING HERALD in English 3 Jun 83 p 3

[Article by Patrick Walters]

[Text] CANBERRA. — The Federal Government has begun steps to reassert Commonwealth powers over offshore areas given to the States by the Fraser Government.

The Attorney-General's Department is reviewing the offshore constitutional settlement to see whether Commonwealth legislation vesting sovereignty in the three-mile territorial sea can be repealed.

The Prime Minister, Mr Hawke, has requested papers outlining the legal options available to the Federal Government to be ready in time for the Premiers' Conference next month.

Any move by the Commonwealth to try and overturn the offshore package negotiated by the Fraser Government is certain to cause a bitter row with the States.

Until 1979 the question of control of the territorial sea and the continental shelf was one of the the States and the Commonwealth.

The Minister for Resources and Energy, Senator Walsh, will discuss the offshore settlement with State energy ministers at the Australian Minerals and Energy Council meeting in Brisbane today.

Senator Walsh wrote all State ministers earlier this week proposing a review of the present administrative arrangements by which the joint Federal-State authorities administer the offshore mining codes.

Although the Commonwealth prevails in the event of the disagreement between the joint authorities, the day-to-day control lies

with the States.

It is expected that Senator Walsh will ask for a greater say for the Commonwealth in discretionary matters affecting the joint authorities.

The Government wants information on companies holding permits in offshore areas to be conveyed more quickly to Canberra. It also wants more informal contact with permit holders.

The ALP platform commits a Labor government to repeal existing Commonwealth legislation so as to return power over, and title in the three-mile territorial sea to the Federal Government.

It also binds the Government to amend Commonwealth legislation to ensure that ultimate responsibility for the administration of the offshore mining codes resides with the Federal Government.

The changes being sought by Senator Walsh are an interim measure pending the completion of a review of the existing package of legislation by the Attorney-General's Department and the Department of Resources and Energy.

Besides examining the question of repealing existing legislation the review is examining the working of the present constitutional arrangements.

Government sources point out that the final part of the offshore settlement negotiated by the former government only came into effect in February and that major changes may be unwarranted.

The political consequences of an attempt to overturn the Fraser Government's offshore package may result in the Government deciding to simply amend the present legislative framework.

Although the High Court decided in 1975 that the Commonwealth had sovereignty over offshore areas right into the low-water mark the Fraser Government decided to cede control of territorial sea to the States.

Under the offshore settlement, each of the States and the Northern Territory were also given title to the seabed of the territorial sea.

INDUSTRIAL ESPIONAGE MAY BE BEHIND OFFICE BREAK-INS

Melbourne THE AGE in English 9 Jun 83 p 3

[Article by Bill Birnbauer]

[Text] Industrial espionage might have been the motive for break-ins at three offices run by the Victorian Auditor-General's Department, the Auditor-General, Mr Brian Waldren, said yesterday.

The break-ins, which took place over 30 hours, have baffled police and prompted the Government to review security arrangements for storing confidential information. Nothing was stolen.

Mr Waldren yesterday took the unusual step of calling a Press conference to answer questions on the break-ins. He said the first took place at two audit offices operated by the Public Works Department early in the evening on 20 May. The doors of the two offices, in the Government Printing Office, still bore the marks of forced entry yesterday.

Then, in the early hours of 22 May a security officer noticed that the door to Mr Waldren's office on the 12th floor of 1 Treasury Place was open and that the lights were on. Several cupboards in the office containing files and books were also open as were the foyer doors and the door to the assistant Auditor-General's office.

Detective Senior Sergeant Fred Leslie of the Russell Street CIB, who is conducting the investigation, said that the security guard then noticed that the lift, which had been locked to stay on the 12th floor, had gone down to the 10th floor.

Senior Sergeant Leslie said that the security guard, who had

closed all the doors and switched off the lights on the 12th floor, went down the fire escape to the 10th floor but could not find anyone there. The guard then went

to the ground floor where he noticed that a door leading to a courtyard was also unlocked. He locked it and notified other guards.

Mr Waldren said that when the security guard returned to the ground floor the door was open again. He then went back to the 12th floor and found that the lights were on again, that the foyer doors were unlocked. It appeared that keys had been used.

Mr Waldren said his office contained sensitive and confidential information but that this was locked in filing cabinets which did not appear to have been opened. The auditing his office conducted was of a "post review nature" and that the office did not take part in Government decisions or policy making. The office did not hold any private information on tenders.

Asked if industrial espionage could have been involved, Mr Waldren said: "If that's what they were after, yes." He said suppositions could be made that the break-ins were linked on the basis that they had occurred within 30 hours of each other.

The Minister for Public Works, Mr Simpson, said yesterday that the Government would examine the whole question of security but that he would be guided on this by the police report.

"Quite clearly, in these days of increasing industrial espionage, Governments, like all large organisations which handle confidential documents, have to be on their toes," he said.

He had asked for a full report from Mr Waldren and the police. "At this stage I have no reason to believe that our security is inadequate," he said. "But I want a full report on the two incidents to ensure there are no loopholes in our security system."

CSO: 4200/6017

EX-NAVY STAFF CHIEFS HIT LACK OF DEFENSE PREPAREDNESS

Brisbane THE COURIER-MAIL in English 4 Jun 83 p 15

[Text]

CANBERRA.— Four former chiefs of naval staff have expressed concern over Australia's lack of defence preparedness.

In a letter to newspapers released in Canberra yesterday, they hit out at Australia's lack of an adequate blue water navy and what they saw as "a fundamental mistake by those who expect to be able to get maritime defence on the cheap".

The letter is signed by Admiral Sir Victor Smith, Vice-Admiral Sir Richard Peek, Vice-Admiral Sir Hugh Stevenson and Admiral Sir Anthony Synnot.

The letter said: "One cannot but be concerned about Australian defence matters at this time.

"It seems that less importance is to be attached to the ANZUS alliance.

"If this is so, it would be logical for more emphasis to be placed on strengthening our defence force, but it appears that the reverse will be the case."

The four said if Australia was to be secure from regional threats, it must have a force capable of deterring possible aggressors.

"Regional countries must be aware of the determination of our government to secure our interest, if neces-

sary by the use of our defence forces," they said.

The decision not to go ahead with a replacement aircraft carrier was an example of the run-down.

"Loss of such a capability is no doubt seen by our neighbors as a lack of determination to protect our interests," the letter said.

"Missile-armed patrol boats are useful in narrow waters, but are largely ineffective in the vast oceans which surround us."

The letter said it was essential to have a blue water fleet with RAAF support and with its own fixed-wing aircraft.

In Canberra, the acting Defence Minister, Mr Beazley, said the new Government had been faced with a heritage of indecisiveness in defence matters.

Mr Beazley said that to imply, as the four admirals had, that the Government's decision not to buy the aircraft carrier was made hastily as a short-term attempt to save money, flew in the face of knowledge that all would have had of the decade of review and analysis which had preceded it.

AUSTRALIA

BRIEFS

APPEAL FROM PALAU--Melbourne.--The tiny Pacific island of Palau in Micronesia has appealed for Australian support against US pressure for it to accept a treaty which could bring nuclear weapons to the island. Under the Compact of Free Association treaty, the US would use 30 per cent of the island and its waters as a strategic base, Palau Seantor Moses Uludong said yesterday. In return for a 50-year commitment, Palau would receive \$60 million in a US bank with the interest paid to the island for 15 years. It would also receive annual aid of \$12 million for 15 years and US finance for capital works projects. Palau, a US trust territory with a population of 15,000, produces copra and also relies on tourism, mainly from Japan, and fishing. Its Constitution opposes hazardous materials and any change to it must be passed by a 75 per cent majority in a referendum. Senator Uludong said the US Government claimed that a referendum in February, when 62 per cent voted in favour of the treaty, meant acceptance. But the Palau Senate and the island's traditional leaders held that the referendum was unconstitutional. He has appealed to Australia, its trade unions and peace groups to pressure the US to "honour and respect our constitutional provisions." [Text] [Sydney THE SYDNEY MORNING HERALD in English 8 Jun 83 p 12]

MINERAL EXPLORATION DECLINES--According to figures released by the Bureau of Statistics in Canberra, expenditure on exploration for minerals and oil shale fell by \$46 million in the March quarter of this year. The fall represents a drop of about 38 percent compared with the December quarter last year. Onshore petroleum explorations also fell by \$50 million which represents a decline of more than 50 percent compared with the December quarter. [Summary] [Melbourne Overseas Service in English 0830 GMT 10 Jun 83 BK]

BALANCE OF PAYMENTS DEFICIT--Australia's financial situation as measured by the balance of payments has returned to a deficit after 2 months of surpluses. According to figures released by the Bureau of Statistics in Canberra, the overall deficit at the end of May was \$106 million, or U.S.\$92 million. This compares with a surplus of \$986 million or U.S.\$850 million in the previous month. The bureau says the fall reflects a substantial decrease in foreign private capital investment in Australia as well as increased government repayments of overseas loans. [Text] [Melbourne Overseas Service in English 0830 GMT 14 Jun 83 BK]

RADIO KAWTHULAY REPORTS ON RECENT BATTLES

BK281257 (Clandestine) Radio Kawthulay in Burmese to Burma 0430 GMT 28 Jun 83

["Battle News"]

[Text] Battle area No 1, 1st Brigade, Thaton District area battle news:

On 3 May 1983, our unit raided (Kyaikkaw), and the enemy pursued and attacked us. Two of these enemy soldiers were wounded when they stepped on the mines we planted.

On 7 May, an attack conducted by our unit at (Maw Ke Moo) against the enemy troops killed a member of the enemy's militia and wounded two others. There were no casualties on our side.

On 15 May, we planted mines at a place where the enemy laid in wait. Two enemy soldiers were killed when they stepped on our mines.

On 19 May, the enemy encircled and attacked our unit when it reached (Paw Le Hu). We lost a collapsible short barrel gun to the enemy, and one of our members sacrificed his life for our people and the country.

On 20 May, our unit penetrated and attacked the enemy at (?a border) village. During this battle our unit captured from the enemy 1 G-2, 11 magazines, 350 rounds of ammunition, 1 knapsack, 3 hand grenades, 3 sets of [word indistinct] and some military supplies.

On 25 May, our unit attacked the enemy at (Chi Lay Khaw), killing two enemy soldiers and wounded eight others.

On 26 May, two enemy soldiers were killed and three wounded when they were attacked at (Ayaraw).

On 28 May, two enemy soldiers were killed and eight were wounded when our unit attacked enemy troops at Htilekhaw.

On 1 June, the enemy forces were hit by our mines at (Ayaraw-takhawdelu) when they infiltrated our area.

On 2 June, our unit seized 1 G-2 ammunition from the enemy when it attacked (Nukale). On the same day, an enemy soldier was hit by our mines in (Ayaraw-Takhawdelu).

On 5 June, the enemy captured and instantly executed our rural defense officer of (Nelekhi).

On 6 June, a mobile frontline combat unit of the 1st Brigade of the Karen National Liberation Army [KNLA] laid in wait between (Nukale) and (Kamawyuplau) and attacked the enemy. Two enemy soldiers were killed and another was wounded in the attack. There were no casualties on our side.

Battle area No 3, 3d Brigade, Nyaunglebin District area battle news:

On 18 May, an enemy soldier was wounded as a result of our mines at (?Pawwahdo). On the same day, our unit attacked the enemy at Kyunbinzeik and (Thakutpwa), resulting in seven enemy soldiers being killed and five others wounded. There were no casualties on our side.

On 20 May, the enemy attacked our defense force at (Ho-lukuk). The enemy captured one automatic rifle from us. One from our side laid down his life for the country and people. On the same day, the enemy suffered one dead and one wounded as a result of our mines near (Ho-lukuk).

On 24 May, a Burmese--Ko Shwe Maung--surrendered to us and brought with him 1 carbine, 30 carbine bullets, 1 HK rifle and 100 rounds of HK ammunition.

On 29 and 31 May, the enemy force's soldiers stepped on two of our mines and suffered two wounded.

Battle area No 2, No 10 Battalion, Mergui-Tavoy District battle news:

On 3 May, a mobile frontline combat unit of KNLA's No 10 Battalion attacked the enemy at (Htat Le-hko) Village. One enemy soldier was killed and another was wounded in the attack.

On 10 May, an attack on the enemy at Myitta by our unit resulted in one enemy soldier being killed and two others wounded.

On 11 May, our unit launched another attack on the enemy camp at Myitta. One enemy soldier was killed.

On 18 May, our unit planted mines at (Maw Plawkho), and one enemy soldier was hit. On 24 May, our unit attacked the enemy at Pyo-aing. A rifle and 25 rounds of ammunition were seized from the enemy.

Battle area No 5, 6th Brigade (Duplaya) District area battle news:

On 3 June, the enemy set fire to the No 116 Battalion headquarters under the 6th Brigade.

Battle area No 6, 7th Brigade, Pa-an District area battle news:

On 25 May, two enemy soldiers were killed when two enemy units mistakenly fired upon each other at (Pawtakukhi). On 27 May, one enemy soldier was killed when he stepped on our mines at (Swe Gaw Klo).

On 1 June, our unit clashed with the enemy at (Pa Tu Klaw). One enemy soldier was killed and another was wounded. There were no casualties on our side.

On 2 June, our unit launched an attack on the enemy atop (?Nawtara) Hill. Five enemy soldiers were killed and 10 others were wounded in the attack. There were no casualties on our side. On 6 June, our units attacked the enemy troops advancing upon (Htwe Htawro), (Tani Pu Kla) and (Ta Mo Lakhi) villages. We captured from the enemy 1 submachinegun barrel, more than 2,000 rounds of submachinegun ammunition and some military supplies. We also learned that one M-79 and two gunpower (?packages) were also seized when information was received of their whereabouts after the Maw Pokay battle.

Ne Win-San Yu mercenary troops crossed the Dawna Range and established a foothold in the (Thu Mwe) township base area. As soon as they arrived at our Karen villages, they shot and killed chickens, pigs, ducks, cattle, and goats for food and even took away rice stored for consumption by villagers without paying compensation. When they could not carry away the rice, they burned and destroyed all the rice bags and rice storages. The villagers faced great difficulties because the enemy, acting like bandits, took away their property.

The enemy, during this offensive, has been merciless and barbarous against our nationals, oppressing and persecuting our people. It is an irrefutable fact that such oppressive, barbarous, and cruel acts have caused great concern and suffering among our Karen people.

Battle area No 6, 7th Brigade, Papun District area battle news:

On 4 June, an attack by our unit on the enemy at (Sede) resulted in one enemy soldier being killed. On 7 June, an enemy unit arrived at (Khawkok) Village and launched an attack on our unit. One from our side laid down his life for the country and people while two people's militia members were wounded.

No 101 Special Battalion battle news:

On 1 June, our unit launched an attack on the enemy at (Ti Chara). The attack killed one enemy soldier. On 4 June, our unit attacked the enemy at Hill No 1. We have not yet obtained a definite report on the casualties suffered by the enemy.

Between 1 and 10 June, the enemy Ne Win-San Yu mercenary troops launched an offensive on the areas surrounding the base area of our No 101 Special Battalion at Kaw Moo Rah. In this campaign, 5 enemy soldiers were killed and 10 others were wounded. Also, 11 porters working for the enemy were killed and 2 others were wounded. One from our side was wounded.

The enemy killed a completely innocent villager of (Ti Chara) Village.

CSO: 4211/30

KARENS CAPTURE SUSPECTED GOVERNMENT AGENTS

BK030151 Bangkok BANGKOK POST in English 3 Jul 83 p 3

[Text] Tak--Eight men suspected of being Burmese Government agents have been captured by Karen rebels sparking off fears of a new round of fighting soon, a Border Patrol Police [BPP] source said yesterday.

The BPP source told the BANGKOK POST that the Karen rebels apprehended the group while it was trying to cross the Mosi River to Burma from Mae Ramat border on the Thai side.

The eight men initially claimed to be mine workers at Mae Moei mine inside the Thai border but admitted to being Burmese Government agents after extensive interrogation, the BPP source said.

The source said the suspected agents also admitted that they slipped into the rebel-controlled area to gather information on the Karen rebels.

The source identified the men as Sein Aung, 34, a Burmese Army officer; Kyaw Sein, 24, a carpenter; Tin Maung, 28, a cement worker; Thein Kyaw, a carpenter; Wae Nge Lay, 20, a student; Ya Che, 27, a labourer and Do Bo, 26, a fisherman.

He said the eight men were arrested following a disclosure by another suspected agent, Mya Aung, who was arrested by the Karens on June 23.

Mya Aung reportedly told his Karen captors that there are about 20 Burmese agents disguised as workers in the Mae Moei mine.

The source also said that on June 25, Karen rebels under the command of Tin Maung attacked a Burmese Army base about 40 kilometres northeast of Mae Sot District. The base belongs to the Fifth Battalion of the 44th Division of the Burmese Army, he said.

The attack began around 5 a.m. and lasted until 3 p.m. resulting in about 40 Karens sustaining casualties. The source said he did not know about casualties on the Burmese Government's side.

As a result of the attack and the arrest of the eight alleged Burmese agents, the source said, the situation at the Thai-Burma border remained tense and a fresh outbreak of fighting could be expected very soon.

JAPANESE ECONOMIC SUCCESS IN BURMA VIEWED

Bangkok BANGKOK POST in English 19 Jun 83 p 5

[Article by Vijid Wongwain]

[Excerpt]

BURMA, the golden virgin hidden from view behind a Burmese lacquer screen, is slowly, very slowly being drawn out into the open by the enterprising latter-day samurais of Japan, Inc.

Television sets and other Japanese goods are flooding into the country, while items like video players seep through the back door into provincial towns like Mandalay, Lashio and Taunggyi.

The success of Japanese businessmen in obtaining the consent of xenophobic Burmese rulers, top army and party brass, to the setting up of a television station (of course, by a Japanese firm and Japanese experts) which in effect opened the Burmese door to Japanese television sets, is a good example of how skilful Japanese are in tapping virgin markets.

As the story goes, it all began simply with the presentation of 100 television sets (several hundred, according to other sources) to the cream of the Burmese power elite. Naturally, the wives, children and sundry friends of the lucky recipients soon clamoured for television programmes (a television station, in other words). What was the earthly use of a television set which sat, undoubtedly in a place of honour, doing nothing, and soon becoming — one can imagine — an embarrassment? Hence the television station, and the stream of Japanese television sets thereafter.

Another example of Japanese business acumen and ingenuity can be seen in the role played by Japanese businessmen, through the Thai market and distribution infrastructure, in the booming black economy of Burma. Even at the time of most stringent control imposed on foreign goods, one could always obtain Japanese goods in Burma — wrist-watches, radio-cassettes, food seasoning (Ajinomoto, what else?), medicine and drugs, textiles, tyres, electrical appliances, motor-car spare parts, etc.

One might well wonder what proportion of the profits made in Thailand by Japanese companies and their agents can be attributed to the cross-border illegal (in the eyes of Burmese authorities, that is) trade between Thailand and Burma. It would be very substantial judging from the unbelievable quantity of Japanese goods lugged into Burma by pack animals, carts, and human muscles across the jungled border.

Given the role played by Japanese merchandise (and cunning Japanese merchants, therefore) in shredding to tatters the socialist blueprint for Burma decreed by Rangoon, it is most surprising — incredible, in fact — that the Japanese are able to make various (and lucrative, it goes without thinking) deals with the Burmese Government, to the great envy of all other commercial attaches in Rangoon.

RADIO KAWTHULAY ON CLASHES WITH GOVERNMENT ARMY

BK051031 (Clandestine) Radio Kawthulay in Burmese to Burma 0430 GMT 28 Jun 83

[Text] Battle area No 1, 1st Brigade, Thaton District area battle news:

On 17 June 1983, an enemy soldier stepped on one of our mines on (Shweyaungpya) Hill and was killed. On the same day, the enemy captured and murdered Saw Maung Gyi--a member of our 3d Company. A villager was also killed that day when he stepped on a mine between Tukabi and (Ti-lay-khaw).

On 18 June, four enemy soldiers were put out of action when two of our mines exploded on (Tarewa) Hill. On 19 June, our mine planted in No 3 field exploded while it was being dug up by enemy soldiers from the 34th infantry regiment. The supervisor in charge of the mine clearing was killed while a corporal was wounded. At 1235 on 20 June, our unit attacked enemy soldiers stationed at (Aye-patho-hta). We have no report yet on enemy casualties, but none on our side were hurt.

Battle area No 3, 3d Brigade, Nyaunglebin District area battle news:

On 11 May, our units counterattacked enemy troops attacking us. The enemy troops shot and killed the (?Tikala) Village area chairman and three villagers during their attack. The enemy also captured a carbine with folding stock. On 10 June, the enemy attacked our unit at (Maw Takhaw). We have no report yet on enemy casualties but there were no casualties on our side. On 11 June, while our unit was proceeding to (Tantayan) the enemy attacked us from the rear. One from our side laid down his life for the country and people. We also lost one M-16 and nine sets of equipment ["equipment" rendered in English].

On 12 June, two enemy soldiers were killed when our unit attacked the enemy at (Lwe Wang). There were no casualties on our side. On 13 June, our village defense militia attacked the enemy at (Htikalo). We have no report yet on enemy casualties, but no one was hurt on our side. We learned that the enemy soldiers shot and killed an innocent villager.

On 14 June, our village defense militia unit attacked the enemy at (Inso). The attack resulted in two enemy soldiers being wounded. One more enemy soldier was killed on the same day when he stepped on our mine at (Inso).

On 15 June, our village defense militia attacked the enemy at (Watu Lepha) and wounded one enemy soldier. One from our side laid down his life for the country. We lost 1 firearm and 15 rounds of ammunition. On the same day, one enemy soldier was wounded when he stepped on our mine at (Sephota).

On 20 June, our unit clashed with the enemy at (Ta Pipha) when it was returning from (Kwin Mai) after fetching paddy. One enemy soldier was killed and another was wounded in the battle. One from our side was wounded.

Battle area No 6, 7th Brigade, Pa-an District area battle news:

On 16 June, our unit attacked enemy troops on their way back to (Taungzu Pakuk). Five enemy soldiers, including a regimental commander, were killed. On the same day, six more enemy soldiers were killed when our unit made an attack on (Kawhaw). There were no casualties on our side.

On 17 June, our No 1 column, the No 101 special battalion and the No 5 columns made a joint attack on the enemy camped at Dawlan. Our units seized four firearms, ammunition and some military supplies. At 1000 on 18 June, our unit attacked the enemy at (Lwebu). One firearm was seized from the enemy. On the same day, another attack was made on the enemy camp at Dawlan. Two more firearms were captured from the enemy.

Battle area No 6, 7th Brigade, Papun District area battle news:

On 17 June, the enemy captured our village area chairman and his follower at (Paykin) Village. Both of them were murdered.

Battle news of the No 101 special battalion:

At 1000 on 17 June, our No 101 special battalion made a guerrilla attack on the enemy at (Ma Me). We have no news of enemy casualties, but none on our side were hurt. On 19 June, an attack on the enemy at (Yawku) by our unit resulted in three enemy soldiers being killed and four others, including a lieutenant, wounded. On 21 June, our unit destroyed three enemy bridges at (To Ka), (Pammaw Luto) and (Tola).

At 1330 on 22 June, a guerrilla attack on the enemy at (Maungtagwe) resulted in one enemy soldier being killed and another wounded. There were no casualties on our side. At 0530 on 25 June, a combined force of our No 101 special battalion and the No 19 Battalion attacked enemy troops from the 5th infantry regiment at (Maungtagwe). At 1210, our force captured one G-4 and some supplies.

Battle news of the No 1 Company of the central military headquarters:

On 12 June, our unit made a guerrilla attack on the enemy at (Tauklapya). We do not yet have any report on enemy casualties, but there were no casualties on our side. On 13 June, an enemy sergeant was hit by a mine on the banks of the (Tawre) stream.

Battle news of the No 4 Company of the central military headquarters:

On 20 June, our unit made a guerrilla attack on the enemy at (Tawre) Village. We have no report yet on enemy casualties, but none on our side were hurt.

CSO: 4211/30

VOPB ON ACTIVITIES OF PEOPLE'S ARMY, SHAN ARMY

BK100836 (Clandestine) Voice of the People of Burma in Burmese 0030 GMT
10 Jul 83

[Text] Combat news from Central Shan State:

On 1, 8, and 11 June, four guerrilla attacks by small units of the people's army at Mong Hkun, (Nan Na), and Ta-pe resulted in four enemy soldiers from the military government's mercenary 101st light infantry regiment being killed and six others wounded.

On 13 June, an attack by a small unit of the people's army on the military government's mercenary 99th infantry regiment at (Pang Ta-che) in (Tathkaung) region resulted in two enemy soldiers being killed and four others wounded.

Battle news of the combined force of the people's army and the Shan State Army [SSA]:

On 12 June, a small combined unit of the people's army and the SSA attacked the military column of the military government's mercenary 23d infantry regiment at (Paukkin) in (Taming) region. The attack killed one enemy soldier and wounded three others.

On 23 and 26 June, the camps of the military government's mercenary 23d infantry regiment at (Pang Meik) and (Tawng Kya Y) were attacked by combined units of the people's army and the SSA. The attacks killed or wounded several enemy soldiers.

CSO: 4211/30

END TO TRADE CURBS URGED

Auckland THE NEW ZEALAND HERALD in English 18 Jun 83 p 12

[Text]

A call for New Zealand to remove remaining trade barriers against Fiji was made in Auckland yesterday by the Fiji Minister of Foreign Affairs, Mr Mosese Qionibaravi.

Speaking at the official opening of the Fiji consulate in Auckland, Mr Qionibaravi said New Zealand was Fiji's second largest trading partner. But the trade balance was still \$F56 million (\$82 million in New Zealand's favour).

He said the South Pacific Regional Trade and Economic Co-operation Agreement (Sparteca), along with New Zealand's "helpful" attitude to Fijian exports, was encouraging.

Quality Clothing

But while, in theory, the agreement offered duty-free access, in practice there remained non-tariff barriers that prevented many Fijian goods from being sold in New Zealand.

Mr Qionibaravi said Fiji could offer quality clothing, shoes and furniture if the trade constraints were done away with. Already, Fijian exports to New Zealand,

other than sugar, had grown from \$F2 million (\$2.94 million) to \$F7 million (\$10.3 million) in two years.

He also said there was not much that could be done to attract more New Zealanders to Fiji. The number of New Zealanders visiting his country had dropped from the peak — in 1979 — of 40,000 to 25,000 last year.

Heavy Promotion

The problem was the strength of the Fijian dollar against the New Zealand dollar and possibly a lack of willingness among many New Zealanders to travel during the recession.

Fiji was promoting itself heavily in New Zealand, but it was difficult to counter such problems, he said.

The Minister of Tourism, Mr Talbot, who was present at the opening of the consulate, said it was not possible for New Zealand to dispense with the trade restrictions immediately.

"But I believe, with the development of Sparteca, and as the Forum Line develops, we can look forward to a removal of restrictions."

AIR LINE, MERCHANT FLEET ISSUES DISCUSSED

Wellington THE EVENING POST in English 17 Jun 83 p 10

[Text]

A multimillion dollar European Investment Bank Loan to enable the Pacific Forum shipping line to buy its own containers instead of leasing them, will go ahead, the Fijian Foreign Minister, Mr Mosese Qionibaravi, said in Wellington.

Elections in Forum countries have held up the documentation. Without it the shipping line has had to continue renting 2500 containers at \$20 a day each.

These difficulties were overcome last week, Mr Qionibaravi said.

During his visit to Parliament, he had discussions about the Forum Line with the Minister of Transport, Mr Gair.

He also discussed with Mr Gair Fijian proposals to increase Air Pacific's share of the passenger traffic between that country and New Zealand.

At present Air New Zealand had a 60 percent share. "We think it should be on a 50-50 basis," he said.

He was pleased New Zealand was relaxing its opposition to this and at the last

round of meetings between representatives of the two airlines Air Pacific had gained some increase in seats.

Also discussed was a pooling of facilities by the two airlines on common routes.

Mr Qionibaravi said at his meeting with the Prime Minister, Mr Muldoon, they talked about the next forum of Pacific leaders to be held in Canberra in August. Mr Muldoon is the current chairman of the forum.

During the meeting nuclear free zones were touched on.

For the past two years Fiji had banned visits of nuclear-powered ships, a move that had not pleased the Americans.

"However, we are re-viewing our position."

Fiji was looking at the safety measures used by New Zealand and Australia when nuclear-powered warships visited.

A decision on whether to continue the ban or drop it would be made by the Fijian Government within the next

few months, he indicated.

Fiji wants freer entry for its garment and footwear manufactures in New Zealand and this was brought up with the Minister of Trade and Industry, Mr Templeton.

Sugar is Fiji's major export to New Zealand (60,000 tonnes annually) and the trade agreement on this is up for renegotiation at the end of the year.

The trade imbalance between the two countries is heavily in favour of New Zealand. Mr Qionibaravi spoke to Mr Templeton about ways of helping bridge that gap.

Mr Qionibaravi is also Fiji's Minister for Tourism and he met his New Zealand counterpart, Mr Talbot. "We talked about a joint tourist promotion on the West Coast of the United States that would improve Air Pacific and Air New Zealand. Mr Talbot was enthusiastic.

"The more business we can attract down south the better it is for both countries," said Mr Qionibaravi.

He attended the official opening of the new Fiji Consulate in Auckland.

BRIEFS

FIJI ECONOMY HIT--Suva--Hurricane weather lashed Fiji's balance of payments for the March quarter, the country's Central Monetary Authority has reported. In its quarterly review, the authority says Fiji's net foreign assets fell by \$Fiji 11.5 million. Damage caused by Hurricane Oscar and Cyclone Sarah is given as one of the chief causes of the decline. However, Fiji's trade figures for the first quarter of this year indicated a rise in exports and imports compared with the same period last year. The imports in the first three months of this year rose by 4.4 percent, or \$4.6 million to \$110.3 million. Net imports also rose by 8.7 percent or \$7.6 million to \$94.8 million in the review period. For overseas exchange transactions, the March quarter of this year showed that payments in foreign exchange totalled \$134.6 million and receipts \$120.5 million, indicating a net outflow of \$14.1 million. The review said almost all sectors of the economy had been adversely affected with sugar and tourism suffering extensive loss. [Text] [Christchurch THE PRESS in English 18 Jun 83 p 27]

CSO: 4200/703

EAST GERMANY SEEKS INCREASED TRADE WITH INDONESIA

Jakarta MERDEKA in Indonesian 28 May 83 pp 1, 11

[Excerpts] Jakarta, 27 May 83-- The German Democratic Republic is prepared to assist fully in the processing of Indonesian coal for use as an alternate energy source as well as for the manufacture of other materials through the use of high technology.

This was revealed on 26 May by Herbert Horicke, executive director of the GDR Foreign Chamber of Commerce, in connection with plans for the GDR Technology Seminar to be held in Jakarta and Surabaya from 17 to 22 October.

Horicke added that the seminar will include discussions not only on the mining and processing of coal but also on agricultural equipment, manufacturing machinery, road construction machinery, optical equipment, diesel engines, packaging machines, steam generators, electricity generators, earth moving equipment, and others.

In addition to the October seminar, there will be a one-day seminar in Jakarta on 31 May sponsored by the GDR embassy and information office for the purpose of promoting increased Indonesian exports to the GDR.

The main purpose of the technology seminar, according to Horicke, is to improve trade between the two countries. During the last 10 years, the Indonesia-GDR balance of trade has been in Indonesia's favor.

Horicke added that the technology seminar is only one means for improving trade and that there are many others, such as Indonesian participation in the Leipzig Trade Fair and the attendance of GDR businessmen at the Jakarta Fair. Such trade contacts must be maintained, Horicke said.

He hopes that Dr Wite Koes, president of the GDR Foreign Chamber of Commerce, will be able to attend the opening of the GDR technology seminar in October.

The GDR is agreeable to the Indonesian policy of counterpurchase, but this policy is not the only way for Indonesia to increase its nonoil exports, stated Dr Oswald Kasper, trade counsellor at the GDR embassy in Jakarta.

Horicke said that the seminar held several years ago was successful, and for that reason the GDR took part in the 1982 Jakarta Fair.

It is regrettable, however, that Indonesia has not participated in the Leipzig Trade Fair since 1981. As a consequence, businessmen from the GDR and from socialist and Western countries who attend the fair have been unaware of commodities available for export by Indonesia.

Regular contact is needed between Indonesian businessmen and the GDR if trade between the two countries is to be improved, Horicke added as he concluded his statements to the Jakarta press.

6942

CS0: 4213/74

COMMITTEE OF 50 ATTACKS INDONESIA'S ECONOMIC POLICY

Kuching THE SUNDAY TRIBUNE in English 12 Jun 83 p 6

[Text]

Jakarta, Sat.— The Petition 50 opposition group made out of former political figures and intellectuals has called for a return of democracy in the country and attacked Indonesia's economic policy in a statement issued here.

The three-year old political grouping which has regularly voiced its concern over the country's political and economical situation, complaining about too high foreign debts, and a wrong handling of the national economy that has heavily deteriorated with oil and non-oil exports going down since 1980/1981.

The criticism of Indonesia's economy policy comes shortly before the 17 countries and organizations of the

Inter-Governmental Group on Indonesia (IGGI) are to decide on in Amsterdam the amount of aid to be given to Indonesia for the year to come.

Titled "For the nation's salvation, return the sovereignty to the people", the open letter by the 10-member petition 50 working groups blamed illegal levies (corruption) for making Indonesian products uncompetitive.

It said 36 percent of Indonesia's population (150 million) are unemployed or partly unemployed and complained about the indiscriminate exploitation of the country's natural resources.

The foreign debt to come in the next three years (20 billion

U.S. dollars if World Bank advices are followed, it says would be equal to all foreign debts contracted in 38 years by Indonesia since it gained independence from the Dutch in 1945, the statement alleged.

"And there is no sign for hopes that these debts will bring anything else than greater dependency on foreign countries", the group underlined.

It concluded that a strong government to handle these problems should be controlled and supported by the people since "democracy is the basic element of national development."

~~Statement of~~ Petition 50 Working Group banned from publication here have had limited impact in the country.

CSO: 4200/676

MOST JAKARTA HOUSING DESCRIBED AS SUBSTANDARD

Jakarta MERDEKA in Indonesian 28 May 83 pp 1, 11

[Excerpts] Jakarta, 27 May 83-- Deputy Governor Piek Mulyadi declared that 70 percent of all housing in the Jakarta Special Capital Area is unsuitable for occupancy and requires restoration.

The minister of state for field III/development made this statement on 26 May in the presence of Rakyat Cosmas, minister of state for public housing, and representatives of the Ministries of Public Works and Industry at the opening of the exhibition of building and housing materials and components at Pasar Seni Ancol. "That means that only 30 percent of the housing for almost 7 million people meets requirements for dwellings," he said.

Mulyadi stated that the population grows by 250,000 to 300,000 people from outside Jakarta every year and that about 50,000 new housing units are needed for them alone. The burden that must be borne by the government of Jakarta is not a light one, he added. The regional government will need decades to accomplish this task.

Both government and the private sector should consider the means of low-income Jakarta residents when building housing.

He pointed out that 80 percent of Jakarta's residents are in the low-income category, meaning "only enough for daily needs." Their income is inadequate for financing suitable housing.

Cosmas Batubara stated in his remarks that, consistent with national development goals, the long-term objective for public housing is adequate housing for every Indonesian family. This objective is not attainable in a short time but must be achieved incrementally within the limits of the resources of the government and the people. He said that housing is expected to match population growth by the Sixth 5-Year Plan, just prior to the year 2000. Most rural and urban residents will then have healthful homes in healthful environments.

6942

CSO: 4213/74

DUTIES OF VICE MINISTERS DEFINED

Jakarta KOMPAS in Indonesian 21 May 83 pp 1, 9

[Text] Jakarta, ANTARA-- A vice minister is a minister of state and assistant to the president who is assigned to assist other ministers of state, those who head departments as well as those who do not.

This description was contained in Presidential Decision (KEPPRES) No 23 of 1983, which established the position, basic duties, functions, and staff organization of vice minister. The KEPPRES was issued in Jakarta on 14 May.

Vice ministers, referred to in the KEPPRES as "menmuda," are subordinate to the president and are responsible directly to him.

The principal duties of a vice minister are to monitor and coordinate the implementation of policies and programs in pressing areas of government activity where intensive attention is particularly required.

For example, the vice minister/cabinet secretary assists the minister/state secretary in monitoring and coordinating presidential policies and activities in the executive area.

The vice minister for improving food production assists the minister of agriculture in monitoring and coordinating implementation of policies and programs for supervising and improving the production of food crops.

The vice minister for improving domestic production assists the minister/state secretary in monitoring and coordinating implementation of policies and activities related to the use of domestically produced goods.

The vice minister for improving production from perennial crops assists the minister of agriculture in monitoring and coordinating implementation of policies and programs for supervising and improving production from perennial crops.

The vice minister for improved production from animal husbandry and fisheries assists the minister of agriculture in monitoring and coordinating implementation of policies and programs for supervising and improving production from animal husbandry and fisheries.

Functions

Each vice minister organizes his own functions, which consist of monitoring and coordinating activities in the area of his responsibility. A vice minister also organizes the handling and finalization of problems that arise and performs daily monitoring of developments.

A vice minister closely coordinates the handling of problems with other government offices connected with his field.

A vice minister also maintains coordination with other government offices in the gathering and analysis of information needed for the formulation of policies and programs in his field. He also takes responsibility for the resolution of problems that arise in the implementation of such policies and programs.

A vice minister's functions also include the submission of information, proposals, and opinions related to his field to the minister of state whom he assists and to the president.

According to KEPPRES No 23/1983, a vice minister is supported by a staff consisting of secretarial elements and a maximum of five specialists.

In the daily performance of his duties, a vice minister receives and follows guidance from the minister of state whom he assists as well as from the president.

For purposes of integration, coordination, and synchronization of policy and activity, a vice minister holds periodic and ad hoc meetings as necessary with other government officials whose duties relate to the vice minister's area of authority.

Relationships with Directors General

The director general of the department which has the same or similar sphere as that of a vice minister constitutes the principal channel for activity within that department. Administratively and operationally, the director general reports to the minister of that department, but in the implementation of policies and programs he is under the coordination of the vice minister.

In the daily execution of his functions, the vice minister may request reports from, and give technical guidance on operations to, the director general and to other government officials whose spheres of responsibility fall within the vice minister's area of coordination.

Each vice minister uses his own facilities for all administrative matters related to personnel, equipment, and money needed for the performance of his duties. Facilities for the vice minister/cabinet secretary and for the vice minister for improving domestic production are provided by the State Secretariat. Those for the vice ministers for improving food production, production from perennial crops, and production from animal husbandry and fisheries are provided by the Department of Agriculture.

6942

CSO: 4213/74

PREPARATIONS FOR BORDER TALKS WITH PAPUA NEW GUINEA

Jakarta MERDEKA in Indonesian 23 May 83 pp 1, 11

[Excerpts] Jakarta, 22 May 83-- Problems related to the Irian Jaya-PNG [Papua New Guinea] border still exist, but there are indications that they are gradually declining and will ultimately disappear altogether, according to a statement made by Sudharmono, secretary general of the Ministry of Foreign Affairs, on Saturday [21 May] at the Ministry of Home Affairs.

On Saturday afternoon, Sudharmono attended a two-hour meeting about the Irian Jaya-PNG border, chaired by Minister of Home Affairs Supardjo Roestam. The meeting was also attended by representatives of the Ministry of Defense and Security (Lt Gen Himawan Soetanto, chief of staff for operations) and of the Ministries of Public Works, Communications, and Transmigration.

Soedharmono said that the meeting was a meeting of the NBC (National Border Committee) and that PNG also has an NBC. The NBC's arrange meetings between Indonesian and PNG delegations, he said.

According to Soedharmono, preparations were made in the meeting for the annual Indonesia-PNG conference provided for in the agreement signed by the two countries in 1979.

Conferences related to the Irian Jaya-PNG border have been held three times. The fourth meeting will be held in PNG at a yet undecided place, said the secretary general.

He stated that communications are being held between Indonesia and PNG about arrangements for the fourth conference. He also said that border questions include the regulation of travel of Indonesians to PNG and of PNG citizens to Indonesia.

The matter of border markers is another subject that will be discussed.

Matters of territory and border are quite clear, he added, but because border markers are so far apart people frequently do not know when they have crossed the border.

"Imagine a border almost 1000 kilometers long with only about 30 border markers," declared Soedharmono. He said that the distance between markers has not yet been decided but that the markers will be placed when an agreement has been reached.

He added that the question of fugitives is a major subject to be discussed and will be taken up along with the matter of border traffic.

The question is how to decide when border crossings are legal or not, the secretary general said. For example, a crossing by an Irian Jaya resident because his field is on the other side must be legalized by documents. Similarly, authorization must be given to PNG citizens who come to Irian Jaya to seek needed supplies or to visit family members.

"These situations must be legalized, but the border matter is not as difficult as has been imagined," said Soedharmono.

The reason for this is the good understanding that exists between Indonesia and PNG, Soedharmono stated.

6942
CSO: 4213/74

AGRICULTURAL DEVELOPMENTS 11-17 JULY REPORTED

BK181049 [Editorial Report] Kampuchean media have reported the following agricultural developments during the reporting period 11-17 July:

Prey Veng Province: Phnom Penh Domestic Service in Cambodian at 0430 GMT on 15 July reports that 1100 metric tons of chemical fertilizer were sold by the Agriculture Ministry to peasants in Baphra District on 14 July.

Svay Rieng Province: Phnom Penh radio at 1100 GMT on 17 July reports that during the current rice-growing season, peasants in Chantrea District have retilled 1,450 hectares of land; sown more than 210 hectares of various types of rice; broadcast 520 hectares of direct-seeding rice; planted 132 hectares of potatoes, 47 hectares of vegetables, and 25 hectares of sugarcane; and raised 10,850 hogs and 63,000 fowls. The district plans to grow 14,800 hectares of rainy season rice, the radio adds.

Kompong Cham Province: Phnom Penh radio at 1300 GMT on 17 July report that workers at Chup rubber plantations in Kompong Cham Province tapped 5 million liters of latex, or 60 percent of the production plan, during the first 6 months of the year.

Battambang Province: Phnom Penh SPK in French at 1143 GMT on 15 July in French reports that by the end of June Phnum Srok District had tilled 5,600 hectares, sown 103 hectares, and broadcast 1,600 hectares of rice. The district has 6,900 head of cattle and many fowls. At 1300 GMT on 11 July Phnom Penh radio reports that from the beginning of the season to early July, peasants in Mongkolborei District tilled more than 31,000 hectares of land and broadcast over 22,700 hectares of rice.

Kompong Chhnang Province: At 0430 GMT on 11 July Phnom Penh radio reports that by the end of June, peasants in Kompong Chhnang Province had tilled over 5,300 hectares of land, sown 468 hectares of various types of rice, broadcast over 3,700 hectares of highland and floating rice, and planted over 1,500 hectares of subsidiary and industrial crops. They plan to grow 48,000 hectares of rice during the current planting season. Phnom Penh SPK French at 0437 GMT on 15 July adds that the province's population has cleared nearly 2,000 hectares of land and raised 64,504 head of cattle, all of which have been vaccinated against epizootic diseases. Fishing brought nearly 11,000 metric tons of fish to the province early this year.

Siem Reap-Oddar Meanchey Province: In its 15 July 1300 GMT cast, Phnom Penh radio reports that up to the end of June, peasants in Siem Reap-Oddar Meanchey Province had tilled 12,000 hectares of land using draft animals and over 3,500 hectares using tractors; sown 1,600 hectares of various types of rice; planted over 21,000 hectares of slash-and-burn rice and broadcast rice, and 2,500 hectares of corn, vegetables, and beans; and raised over 150,000 head of oxen and buffalo.

Phnom Penh SPK in English (tentative) at 1106 GMT on 15 July reports that Siem Reap-Oddar Meanchey Province sowed 13,600 hectares of floating rice during the first half of this year. Over 9,200 hectares were transplanted with rice and 2,500 hectares grown with subsidiary crops. In the same period, plowing was done on 12,400 hectares by draft animals, and 3,500 hectares were tilled mechanically.

In a report on the activities of Siem Reap-Oddar Meanchey provincial trade service, Phnom Penh radio notes that between January and mid-June over 19,600 metric tons of paddy had been purchased from peasants, amounting to 98 percent of the plan. The service also sold 1,800 metric tons of salt, 223,000 liters of petrol, and other necessary goods to the people in the province, the radio adds.

In its 13 July 1300 GMT cast, Phnom Penh radio states that fishermen in Siem Reap-Oddar Meanchey Province caught 8,200 metric tons of fish, of which [number indistinct] tons were sold to the people. The rest were processed into 1,000 metric tons of dried fish, 489 metric tons of fermented fish, 39 metric tons of smoked fish, and 95,600 liters of fish sauce.

Kompong Speu Province: Phnom Penh radio at 1300 GMT on 12 July reports that from the beginning of the season to the end of June, peasants in Kompong Speu Province tilled more than 1,000 hectares of land, sowed 352 hectares and broadcast and transplanted nearly 200 hectares of rice. They also caught 55 metric tons of fish.

Phnom Penh SPK in French at 0355 GMT on 11 July adds that in Kompong Speu Province there are more than 112,300 head of oxen and more than 39,820 hogs. This province plans to grow during this main planting season 75,000 hectares of rice compared with 67,560 hectares last year. It has sold some 7,000 metric tons of paddy to the state.

Kampot Province: Phnom Penh radio at 0430 GMT on 16 July carries an interview with Kampot Provincial Party Committee Deputy Secretary Som Chen on development in the province during the first 6 months of this year. Som Chen reveals that the province plans to grow 98,000 hectares of rice this year and that 2,478 hectares have already been transplanted. Also, 1,817 metric tons of fish have been caught, and 3,674 metric tons of salt have been produced. In its 17 July 0430 GMT cast, Phnom Penh radio reports that during the first 6 months of the year, peasants of Kampot Province planted 1,531 hectares of dry season rice, plowed 3,473 hectares of land, sowed 1,038 hectares of rice, transplanted 367 hectares of 3d-month rice, and planted more than 2,800 hectares of subsidiary crops. The radio says there are 92,674 head of cattle, 13,604 head of buffalo, 62,373 pigs, and tens of thousands of chickens and ducks. Fishermen in this province caught 1,817 metric tons of fish, and peasants reclaimed 1,600 hectares of fallow land. In a brief report at 1300 GMT on 12 July, Phnom Penh radio notes that more than 9,800 head

of cattle have been vaccinated against epizootic diseases in Pampot Province. In the 110430 GMT cast, the national radio notes that almost 6,000 head of cattle in Banteay Meas District have been vaccinated against rinderpest and hemorrhagic septicemia. SPK French at 0411 GMT on 13 July reports that Angkor Chey District has tilled more than 950 hectares of land, including 120 hectares of newly reclaimed land. Its peasants are raising nearly 13,000 head of oxen and more than 8,000 hogs.

Kandal Province: SPK French at 0422 GMT on 14 July reports that at the beginning of July S'ang District cleared 2,600 hectares of land and tilled 5,220 hectares. The district's corn acreage has reached 2,110 hectares. Its veterinary service has vaccinated 7,670 head of cattle against epizootic diseases and the provincial agriculture service supplied the population with 190 metric tons of chemical fertilizer, 100 sprayers, and 6,000 liters of fuel oil. It plans to grow 9,800 hectares of rice and 3,700 hectares of corn during this planting season. In a report at 0430 GMT on 12 July, Phnom Penh radio reports that Kaoh Thom District had planted 3,500 hectares of corn by the end of June.

In its 0430 GMT cast on 11 July, Phnom Penh radio reports that by mid-June peasants in Lvea Em District had planted 160 hectares of rainy season rice, over 1,600 hectares of subsidiary crops--particularly corn--and 25 hectares of short-term industrial crops. Over 3,000 head of cattle had been vaccinated against rinderpest and hemorrhagic septicemia. SPK French at 0402 GMT on 12 July notes that Muk Kampul District has planed 240 hectares of corn, sesame, and beans. It has also sold 180 metric tons of paddy and 17 metric tons of lotus seeds to the state. According to SPK French at 0414 GMT on 13 July, Kandal Stoeng District, with the help of a dozen tractors, tilled 2,060 hectares of land. It plans to grow 12,450 hectares of rice--including 600 hectares of IR-36 variety--as opposed to 11,640 hectares last year.

CSO: 4212/49

KHIEU SAMPHAN RECEIVES MESSAGE FROM TOGO LEADER

BK080443 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT
7 Jul 83

[Text] Recently, Khieu Samphan, vice president of Democratic Kampuchea in charge of foreign affairs, received a message from His Excellency Anani Kuma Akakpo-Ahiany, foreign minister of the Republic of Togo, expressing warm thanks and friendship and solidarity. The message reads as follows:

His Excellency, I would like to express sincere thanks and sentiments of gratitude for Your Excellency's congratulatory message on the occasion of our Togolese national day. I would like to take this opportunity to express my admiration for Your Excellency, who has been responsible in actively conducting the friendly Kampuchean people's diplomatic affairs in the struggle for national salvation.

I would like to reiterate that I am always ready to cooperate with Your Excellency at any place, any time to achieve victory over the foreign aggressors for peace, freedom, and prosperity in your country. It is in this sense that the relations of friendship and solidarity between our two countries will continue to develop and be strengthened and will become a necessity [chea ka chambach] for the benefit of the whole world.

I would like to wish Your Excellency good health and more victories. With my highest regards.

[Signed] Anani Kuma Akakpo-Ahiany, foreign minister of the Republic of Togo.

CSO: 4212/48

BRIEFS

VIETNAMESE POSITION ATTACKED--On 17 June, our national army and guerrillas attacked a Vietnamese position in Kantuot Village, Kantuot Commune, Kratie District, Kratie Province. We killed 18 Vietnamese enemy soldiers and wounded 7 others for a total of 25 casualties. We destroyed a 60-mm mortar, five RPD machineguns, two barracks, and a medicine storehouse. Long live our valiant and courageous national army, guerrillas, and people in Kratie District, Kratie Province. [Text] [BK030248 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 2 Jul 83]

GUERRILLAS AMBUSH SRV COMPANY--On 17 June, our national army and guerrillas ambushed and smashed a Vietnamese company near Chhep market, in Chhep battlefield. We killed three Vietnamese enemy soldiers and wounded six others for a total of nine casualties, including a company commander killed; the remaining soldiers fled. We destroyed a pistol, an M-79, an M-72, an AK, and a B-40 rocket launcher. Long live our valiant and courageous national army, guerrillas, and people in Chhep battlefield! [Text] [BK030249 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 2 Jul 83]

600 SRV TROOPS TO BATTAMBANG FRONT--On 13 June, the Vietnamese aggressors sent 600 Vietnamese soldiers from Vietnam to the Battambang battlefield. These soldiers were posted in various areas--400 at Chak bridge and Chak village and 200 at the entry to Chak village. [Text] [BK061022 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2300 GMT 5 Jul 83]

POSITIONS 'LIBERATED' IN BATTAMBANG--On 16 June, our national army and guerrillas liberated and took control of three Vietnamese positions at Kbal Khting, Phnum Srok District seat and Bos Sbeou on the Sisophon-south of route 5 battlefield. We killed five Vietnamese soldiers and wounded two others. Among those killed were a one-star sub lieutenant and a Vietnamese expert. The survivors fled from these positions. We seized 2 AK's, 600 AK rounds, 10 B-40 rockets and a quantity of materiel. We destroyed 16 military barracks, a rice warehouse, a motorcycle and a quantity of materiel. We completely liberated and took control of these three positions. Long live our valiant national army, guerrillas and people on the Sisophon-south of route 5 battlefield! [Text] [BK061015 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 5 Jul 83]

FIGHTING IN WESTERN LEACH--In June, our comrades-in-arms on the western Leach battlefield killed 222 Vietnamese enemy soldiers and wounded 282 others for a total of 504 casualties. In the field of primitive weapons production, our comrades-in-arms made and planted 1,564,000 punji stakes and dug 790 punji pitfalls. Long live our valiant and courageous national army, guerrillas, and people of the western Leach battlefield! [Text] [BK081025 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 7 Jul 83]

ATTACKS ON SRV UNITS IN SIEM REAP--On 30 June, our national army and guerrillas attacked and took control of two Vietnamese positions: a company position in (Paoy Smach) and a platoon position in (Traeuy Bak). We killed 33 Vietnamese enemy soldiers and wounded 17 others for a total of 40 casualties. We destroyed 2 DK-82 guns, 2 B-40 rocket launchers, 4 AK's, a C-25 field radio, and 36 trenches. We seized a B-40 rocket launcher, three AK's, an RPD machinegun, a 60-mm mortar, a C-25 field radio, and a quantity of ammunition and materiel. We liberated and took complete control of nine villages: (Paoy Smach), (Chambuo), Champel, (Traeuy Bak), (Boeng Ek), (Phka Rumchek), (Bak Phka), and Ta Yek. Long live our valiant and courageous national army, guerrillas, and people of Chikreng District, Siem Reap Province! [Text] [BK081029 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 7 Jul 83]

SRV CASUALTIES NORTH OF ROUTE 5--Last June, our comrades-in-arms on the Sisophon-north of Route 5-Thmar Puok battlefield killed 118 Vietnamese enemy soldiers; wounded 98 others; made and planted 545,000 punji stakes, and dug 640 punji pitfalls. Long live our valiant and courageous national army guerrillas, and people on the Sisophon-north of Route 5-Thmar Puok battlefield! [Text] [BK120210 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 11 Jul 83]

SIEM REAP-ROUTE 6 BATTLE FIGURES--Last June, our comrades-in-arms on the Siem Reap-Route 6 battlefield killed 343 Vietnamese enemy soldiers, wounded 402 others, made and planted 357,000 punji stakes and dug 600 punji pitfalls. Long live our valiant and courageous national army, guerrillas and people on the Siem Reap-Route 6 battlefield! [Text] [BK130745 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2300 GMT 12 Jul 83]

JUNE REPORT ON NORTHERN BATTLEFIELDS--Last June, our comrades-in-arms on the Choam Khsan, Oddar Meanchey, Preah Vihear, and Chhep-Thalabarivat battlefields killed 194 Vietnamese enemy soldiers, wounded 171 others, made and planted 686,600 punji stakes, and dug 600 punji pitfalls. Long live our valiant and courageous national army, guerrillas and people on the Choam Khsan, Oddar Meanchey, Preah Vihear, and Chhep-Thalabarivat battlefields! [Text] [BK140609 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 13 Jul 83]

JUNE BATTLEFIELD RESULTS--In June, our comrades-in-arms on the Kompong Thom and Kompong Cham battlefields killed 81 Vietnamese enemy soldiers, wounded 95 others, made and planted 56,000 punji stakes and dug 450 punji pitfalls.

Long live our valiant and courageous national army, guerrillas and people on the Kompong Thom and Kompong Cham battlefields! [Text] [BK150243 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 14 Jul 83]

JUNE BATTLEFIELD STATISTICS--Last June our comrades-in-arms on the Stung Treng-Ratanakiri-Mondolkiri-Kratie-Eastern region battlefield killed 24 Vietnamese soldiers and wounded 9 others for a total of 33 casualties. Concerning the production of primitive weapons, our comrades-in-arms made and planted 760,700 new spikes and dug 600 new punji pitfalls. Long live our valiant and courageous national army and guerrillas and people on the Stung Treng-Ratanakiri-Mondolkiri-Kratie-Eastern region battlefield! [Text] [BK160623 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 15 Jul 83]

AGRICULTURAL PRODUCTION STATISTICS REPORTED--Phnom Penh, 17 Jul (SPK)--During the first half of the year, rice has been transplanted on 114,000 hectares out of the 181,000 hectares of land tilled throughout the country. The country now has 61,000 hectares of subsidiary crops, including 40,600 hectares of corn, and a considerable acreage of industrial crops. The 57,000 hectares of land left fallow during the Pol Pot era have been brought under cultivation this year. The Ministry of Agriculture has supplied the peasants with 26,000 metric tons of chemical fertilizer, 36,000 liters of insecticides, 9,140 kg of vegetable seeds, 17,000 hoes, 2,200 plowshares, and 5,160 sprayers. So far, 310,400 head of cattle have been vaccinated against spizootic diseases and 63,750 metric tons of the targeted 77,500 metric tons of fish have been caught. Forest exploitations have produced 43,460 cubic meters of timber. Kampuchea plans to grow 1.6 million hectares of rice during this rice planting season. [Text] [BK180356 Phnom Penh SPK in French 0419 GMT 17 Jul 83]

BORDER VIOLATIONS REPORTED--Hanoi, VNA, 18 Jul--Thailand continued to violate the territory of Kampuchea by air, land and sea, S.P.K. reports. Two Thai reconnaissance flights were recorded over Kampuchea in the weeks ending on July 15. On the sea, the Thai navy made 213 incursions, one of which by a warship, into Kampuchean waters, from three to twenty nautical miles off Koh Kong and Koh Tang islands. On the ground, many localities inside Kampuchea were targets of 50 artillery bombardments, especially the sectors southeast of the intersection of the three common borders of the Indochinese countries in Preah Vihear Province, An Long Veng in Siem Reap Province, Khvao, Dang Ki, Tankum and Konreing in Battambang Province, Smatden in Pursat and hills 172 and 199 in Koh Kong Province. In the same week, Kampuchean border guards put out of action forty-five Khmer reactionaries, captured 35 others and seized 146 weapons and a quantity of ammunition. [Text] [OW182056 Hanoi VNA in English 1515 GMT 18 Jul 83]

SISOPHON-NORTH OF ROUTE 5 ATTACK--Here is a report from various battlefields: The Sisophon-North of Route 5 battlefield: On 21 June we attacked a division position of the enemy at (Kirivan) monastery and (Kous Ta On) village along Route 6, killing 5 enemy soldiers, wounding 15 others, set 2 tanks ablaze, and destroyed 2 trucks. [Excerpt] [BK130749 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2300 GMT 12 Jul 83]

GREETINGS ON MONGOLIAN ANNIVERSARY--On 11 July, Comrade Chea Sim, member of the KPRP Central Committee Political Bureau, chairman of the PRK National Assembly, and chairman of the KUPNCD National Council, sent a message to Comrade (Altang Viral), member of the Mongolian People's Revolutionary Party Central Committee Political Bureau, chairman of the People's Great Hural of the Mongolian People's Republic [MPR], and secretary of the Ulaan Baatar municipal party committee, to express congratulations on the 62d anniversary of the Mongolian People's Revolution. The message said, among other things. On the occasion of the Mongolian People's Revolution, on behalf of the PRK National Assembly and in my own name, I would like to send the comrade and the People's Great Hural of the MPR sincere congratulations and warmest wishes. It is a great pleasure to note that the relations of friendship and total cooperation between our two countries and people are developing and being strengthened for the benefit of the Kampuchean and Mongolian peoples, and for serving the cause of peace and socialism. I wish you and the People's Great Hural of the MPR new and greater successes in carrying out your noble tasks for the attractive progress of your country and our relations. [Text] [BK160930 Phnom Penh Domestic Service in Cambodian 1300 GMT 15 Jul 83]

JUNE SOUTHWESTERN REGION ACTIVITIES--Last June, our comrades-in-arms on the southwestern region battlefield killed 98 Vietnamese soldiers and wounded 121 others for a total of 219 casualties. Concerning production of primitive weapons, our comrades-in-arms made and planted 1.2 million new spikes and dug 385 new punji pitfalls. Long live our valiant and courageous national army and guerrillas and people on the southwestern region battlefield! [Text] [BK170320 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2300 GMT 16 Jul 83]

JUNE PURSAT BATTLEFIELD FIGURES--Last June, our comrades-in-arms on the Pursat battlefield killed 35 Vietnamese enemy soldiers, wounded 22 others, made and planted 185,000 punji stakes, and dug 210 punji pitfalls. Long live our valiant and courageous national army, guerrillas and people on the Pursat battlefield! [Text] [BK180319 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 17 Jul 83]

JUNE FIGURES ON MOUNG BATTLEFIELD--In June, our comrades-in-arms of the Moung battlefield in Battambang Province, killed 77 Vietnamese enemy soldiers and wounded 94 others for a total of 171 casualties. In the field of primitive weapons production, our comrades-in-arms made and planted 210,000 punji stakes and dug 90 punji pitfalls. Long live our valiant and courageous national army, guerrillas, and people of the Moung battlefield in Battambang Province! [Text] [BK190549 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 18 Jul 83]

CSO: 4212/49

NEW ZEALAND OFFERS AID TO KIRIBATI

Auckland THE NEW ZEALAND HERALD in English 28 Jun 83 p 9

[Text]

Kiribati

The micro-states of the South Pacific are increasingly being courted by delegations from Pacific rim countries, some with an eye on long-term fishing access.

New Zealand has put up a \$700,000 proposed aid programme for tiny Kiribati, which has a population of about 56,500 spread over five million square kilometres of ocean.

At the same time as the New Zealand delegation was there an eight-member Chinese delegation was also having similar discussions with the Kiribati Government.

Productive

The New Zealand aid programme is mainly directed towards the training and encouragement of

productive ventures in the outer islands of Kiribati.

There are 33 islands in the Kiribati group, lying astride the equator, but about 32 per cent of the population live on Tarawa.

Members of a New Zealand aid delegation which was recently in the country visited the site of a proposed sawmill which may be relocated on the island of Nonouti under the aid programme.

Coconut

The sawmill is New Zealand's largest single project and it uses coconut timber for building.

Other New Zealand-funded ventures include underwater blasting of reef passages through coral to provide lagoon access for larger ships and the provision of hand-carts for transport on outer islands.

BRIEFS

SOUPHANOUVONG CONGRATULATES YUGOSLAV PRESIDENT--Vientiane, 15 Jul (KPL)--The Lao president, Souphanouvong, on July 12 has sent a message to Mika Spiljak, president of the collective presidency of Yugoslavia, congratulating his recent election as the new president. In recognition as the new chairman of the collective presidency of the Socialist Federal Republic of Yugoslavia, I would like to convey to you my warm congratulations. Souphanouvong also wished for the strengthening of the friendship relations between the two countries and peoples. [Text] [BK151255 Vientiane KPL in English 0915 GMT 15 Jul 83]

FRENCH NATIONAL DAY RECEPTION--Vientiane, 15 Jul (KPL)--French ambassador to Laos Jean Noel de Bouillane De Lacoste, yesterday evening, held here a reception to mark his national day. Among Lao officials attending the function were Sali Vongkhamsoo, vice-chairman of the Council of Ministers, chairman of the State Planning Committee, and Khamphai Boupha, first deputy foreign minister. A number of members of the Council of Ministers and the people's representatives were also on hand. The reception proceeded in an atmosphere of friendship throughout. [Text] [BK171258 Vientiane KPL in English 0925 GMT 15 Jul 83]

CSO: 4200/720

POLITICAL PARTY LINKED TO CPM

Kuching THE BORNEO POST in English 12 Jun 83 p 2

[Text]

KUALA LUMPUR, Set: —The government has received information that some "lower rung" members of a particular political party are having some link-up with the outlawed, Communist Party of Malay (CPM), Datuk Musa Hitam disclosed today.

The Deputy Prime Minister said that "a few members of the party had been approached and had met some fractions of the Communist Party whereby the Communist Party had expressed support for the struggle of the Muslims in the country."

"I wish to stress here, however, that the link-up is not national and not known even to the particular party as the contact made had been limited to a selected few from among the lower rung members," he told reporters after the Umno supreme council meeting here.

"The selected members had been asked to go ahead on this and there was an expression of support from the CPM," Datuk Musa said.

He said this explained the recent statement by the Deputy Inspector General of Police, Tan Sri Mohamed Amin Soman, that the communists were using the names of the late Dr Burhanuddin Helmi, who was a PAS leader, and the late veteran politician, Datuk Ahmad Boestaman, in their recruitment drive.

He said that following the link-up the CPM had begun to make use of Islam in their broadcasts and had held talks where greetings of "assalamualaikum" were used.

Asked to identify the states where the members were from, Datuk Musa, who is also Home Affairs Minister, said: "We don't need to identify the people as yet."

It was suffice to say that the government knew of one particular instance where the contacts with the communists were made by the selected member of the particular party without the knowledge of the top leadership of that party, he added.

Earlier, Prime Minister Datuk Seri Dr. Mahathir Mohamad said the

government knew that the CPM had received some support from some Muslim extremists.

RECEIVE
SUPPORT

"We know that the Communist Party is aiming at the opposition and this particular group of people in order to receive support for itself."

He indicated that it was quite possible that these people would team up with the communists. —
Bernama

POLITICIAN TAKES PRO-DYAK STAND

Kuching THE BORNEO POST in English 15 Jun 83 pp 1, 15

[Text]

KUCHING, Tues:- A former Sarawak National Party (SNAP) stalwart, Encik Patrick Anek Uren, said today that however loud the SNAP leadership made the multi-racial protestation, the voters' choice would count in the final analysis.

"The final test must remain the coming State general election," he added in a statement. Encik Uren, who commented on the statement made by SNAP president, Datuk James Wong, in a press conference yesterday, said the SNAP would be judged on how best the heart had taken into account the interest of all the communities, within the Barisan Nasional concept.

"SNAP is a component partner of the Barisan Nasional, which allows in its very concept expression by every

community in Malaysia. In this, the Dayaks are inadequately represented.

"It cannot be wrongly viewed against the national New Economic Policy for the Dayak leaders to want to find for themselves an apparatus to translate those well-intentioned policies to better their lot's well-being," he said.

Encik Uren, a Member of Parliament and Council Negeri Member, added: "Within the Barisan arrangement - a multi racial conglomeration - it is fitting proper and accurate and consistent with its support base for Dayak leaders to be cry a usurpation of what they consider rightly belong to them."

He said that no doubt the usurpation began in a democratic process, but the democratic

process was suspect because of the existing imbalance between contending groups.

"Hence, there is the need to correct the imbalances, the need to get a Dayak apparatus and the becry of the usurpation," he continued.

Encik Uren, who was expelled from SNAP when he stood as an independent candidate in the 1978 general elections, said that Dayak leaders like Encik Daniel Tajem, the Deputy Chief Minister and Minister for Agriculture and Community Development (also SNAP appointed vice-president) and his group should be given the task of organising the party as they had won a number of general elections.

He alleged that Datuk James Wong's version of multi-racialism was a facade.

PENGIRAN OTHMAN EXPELLED FROM BERJAYA

Kuching THE BORNEO POST in English 14 Jun 83 p 1

[Text]

KOTA KINABALU, Mon:— Former Federal Territory Minister Datuk Pengiran Othman Rauf has been expelled from party Berjaya with immediate effect.

His expulsion was announced by the party's deputy president, Datuk Dr. James Ongkili in a statement here today.

He said the party's disciplinary committee which met last Saturday for nearly two hours unanimously agreed on the expulsion.

In a three-paragraph statement, Datuk Dr. Ongkili said Datuk Pengiran Othman was asked to appear before the committee to defend and explain himself but 'he ignored the notice.'

Datuk Dr. Ongkili, who is also the Minister in the Prime Minister's Department, said the meeting which he chaired was held in accordance with article 54 of Berjaya's constitution.

Datuk Pengiran Othman, who was one of the 10 vice-presidents of the party, was earlier ousted as chairman of the party Berjaya Papar Division

which also passed an emergency resolution calling for his expulsion from the party.

The trouble between Datuk Pengiran Othman and the party's leaderships came into the open in February this year when he proposed to the state government that Feb. 1 and 2 each year be declared public holidays in honour of the fishing community.

His proposal was rejected by the state government. This led to Datuk Pengiran Othman being asked to explain why he did not go through the party in making the proposal.

He had explained that he made the proposal in his capacity as president of Ikatan Rumpun Asli Nusantara Malaysia while launching the Pesta Nelayan in Papar.

The Berjaya leadership recently directed all party members who were members of Ikatan to resign from the association and not to participate in its activities as Ikatan's aims ran counter to the multi-racial objectives of the party. —Bernama

CSO: 4200/678

FOUNDATION STONE OF GIANT ASEAN UREA-AMMONIA PROJECT LAID

Kuching SARAWAK TRIBUNE in English 8 Jun 83 p 1

[Text]

Bintulu, Tues.— Chief Minister Datuk Patinggi Haji Abdul Taib Mahmud today laid the foundation stone of the \$773 million Asean Urea/Ammonia project — the second giant project here after the liquefied natural gas plant which was commissioned earlier this year.

The project — the biggest in Asia when completed in 1985 — is undertaken by the joint venture company Asean Bintulu Fertilizer (ABF) Sdn Bhd. launched in 1981 by former Prime Minister Tun Hussein Onn.

Malaysia, through Petronas, holds 60 percent equity with Indonesia, the Philippines and Thailand holding 13 percent each and Singapore a token one percent.

The Chief Minister said the project was another example of Asean economic cooperation. He added that it was a valuable tool modernising the region's agricultural sector which involved 150 million people.

In Malaysia alone, he said, half the population are involved in agriculture.

To achieve self-sufficiency in food, the region must produce all the fertilisers it needed.

The Chief Minister said the ABF plant would generate socio-economic activities and provide opportunities for the growth of supporting industries.

Abdul Taib said Sarawak was conscious of its vast resources and welcomed industrial ventures.

However, the investors should appreciate local interests, he added.

He hoped that Petronas' proposed research scheme on the use of urea fertilisers would consider Sarawak's agricultural needs.

The ABF plant is sited within the reach of a vast agricultural hinterland which the state government planned to further develop, he added.

Earlier ABF chairman Tan Sri Abdullah Salleh said the plant which would come on stream in October 1985 would produce ammonia daily.

Tan Sri Abdullah, who is Petronas chairman, said the ABF had raised 70 per cent or \$500 million of the cost of the plant from loans from Japan's Overseas Economic Cooperation Fund and Exim Bank.

The ABF would have a total workforce of 478 personnel. The construction of the plant would require about 1,100 workers.

Tan Sri Abdullah assured the State government that the company would give priority to local people in its recruitment drive.

Because granular urea is a new product in the region, Petronas would carry out research on it and promote its use, he added.

Tan Sri Abdullah said an advisory committee would be formed to help in the research. A study was now underway to draw up a national urea promotion and marketing development programme.

The construction of the plant is undertaken by Kobe Steel Limited of Japan and Uhde GmbH of West Germany which were awarded the main contract for the project last July.

Kobe is collaborating with Nichimen Corporation to coordinate the financial and trading aspects of the project. South Korea's engineering corporation is the main sub-contractor.

The plant is expected to enable Malaysia to save substantially on foreign exchange considering that it imported about 170,000 tonnes of urea worth some \$60 million last year.

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CSO: 4200/678

ATTEMPTS TO STAGE REVOLUTION, OVERTHROW MONARCHY CHARGED

Kuching SARAWAK TRIBUNE in English 12 Jun 83 p 1

[Text]

Kuala Lumpur, Saturday.— Datuk Seri Dr. Mahathir Mohamad today exposed moves by a group of people to stage a revolution in the country including overthrowing the Monarchy.

The moves were aimed at creating an atmosphere in Malaysia ripe for revolt and one of the basis is that Monarchy is essentially bad, he told reporters after chairing the UMNO Supreme Council meeting here.

He disclosed that the people concerned wanted the Monarchy system removed, irrespective whether it is good or bad.

"Some of them are beginning to talk about revolution and it is a fact that some Malaysian students abroad maintained that there should be a revolution in this country."

He said that this particular group of people wanted to overthrow the existing systems in the country because it is un-islamic including the Monarchy.

He said these people went round showing pictures of a certain country which had overthrown its King.

On his recent statement highlighting the saboteurs of the New Economic Policy, he said that it was aimed at those who attacked the NEP.

The Prime Minister said as a result of the sabotage, the government had to continue explaining to the people on the NEP stressing that it was compatible with Islam.

Datuk Seri Dr. Mahathir said that the government was not against people who have different political views or against the opposition parties but they should not go round telling lies in order to garner support for themselves.

He was worried that this would destroy the unity of the people over issues that were not political.

"I am sad that they always oppose whatever we do regardless whether it is good or bad."

"If you do, you are damned. If you don't you are also damned. That's the kind of people we are dealing with," he said.

Datuk Seri Dr Mahathir said he was all for fundamentalists but he was against deviationists who abuse the teachings of Islam.

"Fundamentalists don't go round saying other people are not Muslims but the people who claimed that they are fundamentalists are deviationists as they go against fundamentalists." — Bernama.

JOHORE OUT OF NATIONAL ISLAMIC COUNCIL

Kuching SARAWAK TRIBUNE in English 15 Jun 83 p 1

[Text]

Johor Baharu, Tues.— The Sultan of Johor today announced that the State has withdrawn from the National Council for Islamic Affairs.

He made the announcement at a press conference at Istana Iskandariah in the presence of the Keeper of the Rulers' Seal, Datuk Ahmad Zainal Abidin Yusof, State Legal Adviser Encik Allaudin bin Mohamad Shariff, Chairman of the State Islamic Affairs Council Datuk Haji Mohd. Yunus Sulaiman.

He said: "I do not want to be rebuffed and I do not want the people of the State to be split over the commencement of the Fasting Month.

"I have directed that fasting in the State starts on Sunday, June 12, and this is my right as provided for in the State and

the Federal Constitution".

Johor thus becomes the third State outside the National Council for Islamic Affairs the other two states — Kedah and Pahang — had not joined the Council right from the start.

The Keeper of the Rulers' Seal had sought an audience with the Sultan at Istana Iskandariah today, to brief his Royal Highness on the announcement of the Fasting Month.

The Sultan said he did not like the way in which the announcement was made by the Keeper of the Rulers' Seal.

He said about 97 per cent of the Muslims in the State had obeyed his order and had started their fasting on Sunday.

He reiterated that the State would observe Hari Raya Puasa on July 12 as he had stated earlier.— Bernama.

AUSTRALIA'S NORTHERN TERRITORY OFFERS TO PROVIDE TECHNICAL COOPERATION

Kuching THE BORNEO POST in English 9 Jun 83 p 3

[Text] KUALA LUMPUR, Wed:—Australia's Northern Territory has offered to provide technical cooperation and transfer of technology in road construction to Malaysia, Minister of Works Datuk S. Samy Vellu said yesterday.

The offer was made by the visiting Northern Territory Chief Minister Encik Paul Everingham during a briefing at the Ministry here.

Datuk Samy Vellu said the Northern Territory had devised some good designs in the building of roads at economical costs which could help the government in the maintenance of roads and street supervision during construction.

"We may need experience and knowledge in this subject due to the Australian experience in road building," he told reporters here after discussion with Encik Everingham and his 14-member delegation.

Encik Everingham is here on a one-week visit to find out how better cooperation and understanding could be fostered in the implementation of infrastructural facilities in the country.

Datuk Samy Vellu said the delegation was also interested in the current developments in the country.

Encik Everingham, he said, had also offered the services of qualified

personnel from Australia. At the moment, several Australian consultants specialised in road engineering technology are already working with the Ministry.

Datuk Samy Vellu said Encik Everingham was also impressed with the road system in the country but felt that it was slightly overflowing because of the volume of traffic.

The delegation, he said, was also impressed with the North-South expressway.

On infrastructure development, which he said featured prominently in all the government's development plans, had resulted in increased workload shouldered by the Ministry.

For example, in the Second Malaysia Plan (1971-75), the workload of the Ministry in its own development projects and those of "client" Ministries was \$4,064.90 million. This had now increased to 6337.74 million under the fourth Malaysia plan despite the recession.

The construction sector, which played a crucial role in the development process of the country, had consistently achieved a growth rate of about 15 per cent in real terms, he said.

—Bernama

MUSA ON THREE MAJOR THREATS TO NEP

Kuching THE BORNEO POST in English 11 Jun 83 p 1

[Text] **ALUR SETAR, Fri:** —Datuk Musa Hitam today singled out the communists, opposition parties and deviationist religious teachings as three major threats to the successful implementation of the New Economic Policy.

The Deputy Prime Minister said the communist was an old enemy of the government, the opposition parties refused to support the policy while pioneers of the deviationist religious teachings were eroding the spirit of the Malays towards progress.

He was opening the delegates meeting of the Padang Terap Umno Division at Kubur Panjang, about 32 km from here.

Datuk Musa was however happy that the NEP had succeeded in changing the attitude of the Malays they were now beginning to work towards progress without neglecting their religious duties.

He said the NEP was drafted with care, taking

into account the weaknesses and set-backs experienced since Merdeka.

The policy, he said, was aimed at narrowing the economic gap between the Malays and the other communities and eliminating poverty.

Those who opposed it hoped that the Malays would reject the policy and rise against the government.

When this happened, it would be easy for

these elements to carry out their evil intentions, he said.

Datuk Musa hoped that PAS would realise that by opposing the NEP, they were indirectly supporting the communist cause.

On the deviationist religious teachings, he said, the sponsors wanted the Malays to work only for the 'next world' without caring for this world.

This, Datuk Musa said, was against the teachings of Islam which wanted its followers to work for progress.

He said these deviationist teachings were being directed mainly on youths and as such parents should exercise greater control on their children.

The government was also placing emphasis on youths as it wanted them to contribute towards development efforts, especially in eliminating poverty. —Bernama

MUSA: STANDARD OF LIVING HAS RISEN

Kuching THE BORNEO POST in English 10 Jun 83 p 1

[Text] Alur Setar, Thurs:--Datuk Musa Hitam said a study under the mid-term review of the current Malaysia Plan shows that the standard of living in the country has risen and absolute poverty exists only in remote kampungs.

He said the Prime Minister and several cabinet ministers were involved in scrutinising the findings of the various studies for the report.

The Deputy Prime Minister was opening the Kedah UMNO convention here today. Datuk Musa Hitam said the report on mid-term review would be tabled in parliament in March next year.

He said the various studies for the report were being undertaken with great care, taking into account the situation in the country and the current economic slow down.

"We are also studying the progress in the implementation of the New Economic Policy, and its problems," he added.

In studying the fourth plan, the government would place special emphasis on efforts to raise the economic standard of the lower income groups.

"Our main strategy is to pull them out of absolute poverty so that the gap between them and the haves could be narrowed," he said.

The government, he said, was aware that at present the gap was still wide.

Datuk Musa said the success of the New Economic Policy depended greatly on the attitude of the Malays.

He was glad to note that the Malays had thrown away their 'tidak apa' attitude and replaced it with one which wanted progress.

This change in attitude, he said, had resulted in more Malays in the business field.

However, the government was still not satisfied with the progress achieved so far.

As such the Malays should be more dynamic, active and innovative.

"Only in this way could be achieve the objectives of the New Economic Policy," he added.

Datuk Musa urged UMNO members to pioneer the process of changing the attitude of Malays to a more effective level.

He said the government had its priority in programmes to help the Malays overcome the problem of absolute poverty but these programmes needed the support of the Malays to succeed.

The Deputy Prime Minister regretted the attitude of opposition like PAS which was trying to instil fear in the minds of the Malays and urging them to reject progress.

He said PAS could not deny that the development process pioneered by the government was in line with the needs of Islam.

On the other hand, PAS itself was using Islam in a negative manner to scare away the Malays from progress.

If this was allowed to continue, some Malays might be influenced by the PAS attitude and if this happened the communists could take advantage of the situation to further their evil intentions.

Earlier, Kedah Menteri Besar Datuk Seri Syed Nahar Shahabuddin told the convention that Malay participation in the economic sector was still low.

Professional and skilled manpower among the Malays was also lacking, he added.--Bernama

CSO: 4200/677

EDITORIAL EXAMINES ASEAN JOINT PROJECT

Kuching THE BORNEO POST in English 10 Jun 83 p 2

[Text] With the foundation stone of the urea-ammonia project laid by Sarawak Chief Minister, Datuk Patinggi Haji Abdul Taib Mahmud, another milestone is reached in Sarawak's history. The project, a joint venture of Malaysia (60%), Indonesia, Philippines, Thailand (13% each) and Singapore (a token of 1%) is the second largest project here and when completed, would be the biggest in Asia. By then Asean countries, particularly Malaysia will be self-sufficient in fertilizers. Malaysia would be able to save substantially on foreign exchange. Last year it imported \$60 million worth of urea. When the plant starts to produce fertilizer in the late 1985, Malaysia would be able to meet the demand of the local farmers and the Asean countries.

Asean countries are agricultural countries and Malaysia's economy vastly depends on its agricultural products (for examples: pepper, oil palm, rubber and timber) and half of its population, is involved in agriculture. Fertilizers are very much needed to ensure rapid increasing of food production, Sarawak has vast agricultural land and in order to be self-sufficient in food, it needs fertilizers. [as published] The Asean Bintulu Fertilizer (ABF) plant, will not only meet Sarawak's agricultural need but also provide opportunities for the supporting industries to expand. It also lifts the burden of unemployment as about 1,100 workers are required at the construction of the plant. Therefore Sarawakians should not hesitate to grab the opportunities and expand their business as Tan Sri Abdullah Salleh, chairman of ABF and who is also Petronas chairman, has assured that the state government would give priority to local people. However, both the skilled and unskilled workers should not be choosy in their work as Bintulu's projects are very much in need of them. Furthermore, Bintulu would offer a chance to create more skilled workers for Sarawak's industrialisation. The people could learn the modern technology from foreign countries. The construction of ABF plant is undertaken by a Japanese company and a South Korean company is the main subcontractor. The \$773 million ABF plant at Tanjung Kidurong will give Bintulu another boost in development.

CSO: 4200/677

RAZALEIGH WARNS OF ISLAMIC BANK DOUBTERS

Kuching THE BORNEO POST in English 14 Jun 83 p 1

[Text]

KUALA LUMPUR, Mon: —Finance Minister, Tengku Razaleigh Hamzah said today that certain groups are trying to undermine the people's confidence in the proposed Islamic Bank.

He said that these groups did not want the bank to succeed so that they could accuse the government of failure to promote Islamic principles in the economic sector.

TO BE DISSEMINATED

He was speaking to reporters before meeting the bank's board of directors at the Tabung Haji complex in Petaling Jaya. Culture, Youth and Sports Minister Encik Anwar Ibrahim was also present.

Tengku Razaleigh wanted information on the bank to continue to be disseminated to both Muslims and non-Muslims in the country.

Tengku Razaleigh said the formation drive should be continued especially to counter efforts to undermine confidence in the bank.

The bank will be launched by Prime Minister Datuk Seri Dr. Mahathir Mohamad on July 1.
—Bernama

CSO: 4200/678

RAZALEIGH FORESEES \$6 BILLION DEFICIT

Kuching THE BORNEO POST in English 10 Jun 83 p 3

[Text]

KUALA LUMPUR, Thurs: —It has been estimated that the country may record a deficit of more than \$6 billion in its current account this year, Finance Minister Tengku Razaleigh Hamzah said yesterday.

Speaking at the pre-budget dialogue session at his ministry here, he said this would be due to a fall in the value of the country's exports and increased imports experienced earlier.

He hoped that local manufacturers and traders could rally around and put up concrete proposals on how best to correct the situation.

He said that the service account was getting from bad to worse.

Out of total imports of \$28.8 billion last year, machinery and communication equipment accounted for \$11.5 billion.

The import of road vehicles, including CKD packs amounted to \$8.9 billion.

Exports last year amounted to \$26 billion.

Referring to the service account, Tengku Razaleigh said freight and insurance charges increased to \$2.8 billion last year compared to \$2.6 billion in 1981, resulting in a deficit of \$2.1 billion.

For 1983, he said, freight and insurance charges would result in an outflow of \$3,089 million against an inflow of \$810 million, resulting in a deficit of \$2.2 billion.

On travel, he said outflows due to travels abroad last year amounted to \$1.6 billion compared to an inflow of \$960 million, resulting in a deficit of \$671 million.

Tengku Razaleigh said that this year, the levels would be about the same with outflows of some \$1.7 billion compared with inflows of \$1 billion, giving a net deficit of \$655 million.

The minister felt that something

had to be done to correct such a situation.

He said the government was mounting investment and trade missions abroad and hoped that members of the chambers of commerce, FMM and other bodies would mount similar missions to secure bigger markets abroad.

He urged local businessmen to change their traditional pattern of trade so that they could explore possibilities of making inroads into new markets.

He assured them that the government would give all possible assistance to enable them to break into new fields.

On invisibles such as freight and insurance, he said the committee on invisible trade was working on this problem and had submitted a number of proposals.

Tengku Razaleigh hoped that the private sector would find ways and means to slowdown the drain on the foreign exchange. —Bernama

CSO: 4200/677

FINANCIAL INSTITUTIONS ASKED TO FINANCE MALAYSIA INC PROJECTS

Kuching THE BORNEO POST in English 11 Jun 83 p 1

[Text] KUALA LUMPUR, Fri: — The financial and banking sectors have been asked to consider financing projects which the government will transfer to the private sector under the "Malaysia Incorporated" concept.

Finance Minister Tengku Razaleigh Hamzah said today that the government would transfer the running of schools, airports, hospitals, telecommunications and other projects to the private sector.

Speaking at a pre-budget dialogue session at his ministry here, he said that he had received memoranda from the private sector during the last few days for reduction in tax rates and tax exemption for various items.

"In the event the government does not increase the tax rates or if it agrees to reduce the tax rates applicable now and exempting you from the tax liability you are shouldering just now, can you suggest ways how the government can finance its expenditure?" he asked.

"We need to build hospitals, airports, schools, improve the telecommunication system and upgrade power and water facilities for home and industry, all of which requires money," he said.

Tengku Razaleigh said there was a limit to the ability of the government to provide funds for all these projects.

Construction of highways alone to facilitate a better flow of goods within the country, he said, would require some \$6 billion over the next three to five years.

He said that in view of the strain on the budget, the government might allow contractors to build the highways and give them the franchise or rights to collect toll for them-

selves to help repay the financing in the construction of the highways.

Similarly, he said the government might decide to allocate a portion of the telecommunication system to the private sector as well as allow the sector to run airports and charge fees (subject to government agreement), as was the case in Hong Kong, the United States and European countries.

He asked the officials of the banking and financial sector whether they would help finance these and other projects based on their viability.

The Minister, however, stressed that the government would not expect the financiers to come back and ask it to provide a guarantee.

The Federal Government, he said, did not want to be involved once the system was done away with.

Tengku Razaleigh said: "We want them to be considered purely on the viability of the projects.

"If you think these projects are bankable, we want you to come in and assist without the federal or state governments getting involved through any form of obligation."

He, however, said that the government would continue to regulate and guide such projects to avoid adverse effects on the people and financiers.

Tengku Razaleigh said that there were many projects which could be brought into the "Malaysia Incorporated" concept.

He said it might be necessary to look at what had been done in other countries so that their success could be emulated and to find ways of adapting them to local conditions. — Bernama

CSO: 4200/677

GOVERNMENT TO BOOST FOREIGN INVESTMENT

Kuching THE BORNEO POST in English 12 Jun 83 p 3

[Text]

PULAU PINANG, Sat: —The government is making an overall assessment of its investment strategies with a view to sustaining foreign investor confidence in the country and to further expand the possibilities for foreign investment, Datuk Musa Hitam said here yesterday.

The Deputy Prime Minister said the present incentives to foreign investors would be improved so that they conformed with the present situation as well as the needs of the investors.

He said this was being done without sacrificing the basic objectives of the government under the New Economic Policy.

Datuk Musa was opening the Philips Malaysia radio factory — Audio Electronics Sdn. Bhd. — in the Bayan Lepas free trade zone here.

He said that the government was scrutinising every strategy it had adopted since the early 70s to woo investors to Malaysia to see whether they needed a new approach or fresh ideas to continue to attract investors.

The various laws giving investment incentives were being studied to see whether they were still valid today 'not with a view to discouraging foreign investors but to ensure that we are able to sustain and expand the attractive incentive we offer to investors.'

Datuk Musa said: "This exercise is essential in view of the fact that while we claim to be innovative in attracting investors, the innovations we initiated are no longer accepted as innovative today."

He added that Malaysia's approach to attracting foreign investors had been copied, adopted and adapted by some developed countries, thus posing a competition to the countries.

He then called for ideas, suggestions and positive criticism from the private sector on how to go about to sustain and improve the investment climate in the country, while giving the assurance that the government would continue to be ever receptive.

He said, "we have always been open to suggestions and will continue to be open with a view to serve our interests with the hope and expectation that foreign investors who come here will have interest which coincide."

"The Prime Minister, myself and the ministers, as and when necessary, shall continue to open our doors to investors and be receptive to ideas which will serve our mutual interests in the spirit of cooperation and collaboration."

Datuk Musa then said that the budget dialogue started a few years ago and currently being conducted by Finance Minister Tengku Razaleigh Hamzah gave investors the opportunity to express their views and suggestions to help the government achieve its objectives for the overall development of the country.

He stressed however that while the exercise gave investors the opportunity to give their views, it would be the final say of the government to determine what was best for the country as long as its interests coincided with those of the investors.

He said that the contributions of the private sector in the dialogue would be utilised fully and the government would carefully analyse and look into each and every one of the suggestions put forward.

These would be used to draw up what the government considered the best solutions to overcome the problems being faced within the context of the economic environment in the world in general and in Malaysia in particular. — Bernama

CHINESE BUSINESS LEADER URGES MUTUAL RESPECT

Kuching THE BORNEO POST in English 13 Jun 83 pp 1, 15

[Text]

KUCHING, Sun:— Government officials and civil servants should regard private enterprises as the true national development partner, and there should be no suspicions between them under the Malaysia Incorporated concept, introduced by the Prime Minister early this year.

There should be mutual respect towards each other's capability and a belief that both parties would contribute towards building a fair and prosperous Malaysian society that is enjoyed by all the citizens, the president of the Associated Chinese Chamber of Commerce and Industry Malaysia (ACCCIM), Datuk Wee Boon Ping, said today.

Datuk Wee said that the Prime Minister, Datuk Seri Dr Mahathir Mohamed had stressed that under the Malaysia Incorporated concept, the government officials should try their best to assist the private sector to be more effective in their businesses and not adopt a negative attitude for their selfish gain.

Datuk Seri Mahathir clarified yesterday that the concept meant that the whole country would be regarded as one corporation in which

government and private sector worked hand-in-hand for the country's economic development.

Datuk Wee, who is also the president of the Associated Chinese Chambers of Commerce, urged the Chinese commercial and industrial sectors in the country to fully support the concept and to show concern in it.

Addressing the opening of the 18th annual general conference of the Sarawak Associated Chinese Chambers of Commerce in Sibu, Datuk Wee said that the introduction of Malaysia Incorporated concept had reflected the national leaders' recognition of the vital role played by private enterprises in the development of the nation's economy.

"The concept has provided advantageous and good opportunities for the Chinese commercial and industrial sectors to participate in the mainstream of the country's economy. We should therefore fully support and respond positively towards this new concept," he added.

Earlier, touching on the joint venture between the Sarawak Associated Chinese Chambers of Commerce and the Sarawak Bumiputra Chamber of Commerce by forming Dewan Niaga dealing with

shipment of timber businesses, Datuk Wee said that the Chinese Chambers held 40 per cent of the total shares in the company.

He said that the joint venture company was doing well in its business, and it recorded a \$1.54 million profit (before tax) last year.

"The paid up capital of this company has been increased from \$20,000 to \$200,000 this year with the Chinese Chambers holding the same 40 per cent share," he added.

Datuk Wee called on the member chambers and the Chinese commercial and industrial sectors to show concern over the social development, particularly in the field of economy, in the country.

He urged them to unite and join hands to work for their rights and interests and to help promote the economic cooperation of the various communities in the State.

About 210 delegates and observers from 18 member chambers from throughout the State attended the one-day conference.

AUSTRALIAN INVESTMENT IN COUNTRY SUSPENDED BY GOVERNMENT

Christchurch THE PRESS in English 21 Jun 83 p 1

[Text]

PA

Wellington

A ban on Australian investment in New Zealand would stand until the two countries "harmonised policy," said the Prime Minister, Mr Muldoon, last evening.

Mr Muldoon confirmed that the Government had decided to put a stop on approvals for Australian companies seeking to establish themselves in New Zealand or take over New Zealand companies.

The directive was handed to the Overseas Investment Commission, without any apparent explanation. However, it followed up moves by the Australian Government to stall several takeovers by New Zealand companies.

The Australian Foreign Investment Review Board put a 90-day stay on the

plan by Healing Industries, Ltd, to buy the Australian company Lawrence, Smith and Canning. The intention of the stay was to allow Australian firms time to make a counter-offer.

The stay has since been lifted and the board has also granted a bid by P.D.L. Industries, Ltd, of Christchurch, to purchase another Australian company, Goldair Electrical Appliances, Ltd.

The "Australian Financial Review" reports that the Wellington freeze on investment has increased tension

surrounding this week's Canberra meeting between the Australian and New Zealand Prime Ministers.

The "Review" said that the freeze reflected the Government's disdain for the unequal treatment accorded New Zealand companies wanting to invest in Australian industry, even after the Closer Economic Relations pact had been concluded.

Mr Muldoon will leave for Australia on Thursday for his first meeting with the Labour Prime Minister, Mr Hawke. He will return on Saturday.

CSO: 4200/701

OVEROPTIMISM FEARED IN ECONOMIC RELATION WITH AUSTRALIA

Wellington THE EVENING POST in English 24 Jun 83 p 8

[Article by Chris Peters]

[Text]

CANBERRA, June 23. — New Zealand companies are expecting too much out of closer economic relations over investment in Australia, Treasury officials here said today.

They believed too much emotion had been injected into the issue across the Tasman, expectations were too high about what the treaty did, and they pointed out that investment in Australia was not yet covered by the treaty.

The Australian Treasury believes its present foreign investment policy is more than adequate to cover the expected needs of CER, and officials said today that changing its non-discriminatory stance could have repercussions with other countries.

They also voiced fears that any special provisions for New Zealand could result in foreign companies using New Zealand-based firms to get around Australian regulations.

The Foreign Investment Review Board (FIRB) deals with 1200 to 1300 applications for investment in or takeovers of Australian businesses each year. Only 4 percent are rejected.

Reasonable

From when the board was set up by the Fraser government in April, 1976, until March 31 this year, there have been 360 proposals from New Zealand.

Twelve were withdrawn and only three were turned down — a rejection rate of less than 1 percent.

Since the Labour Government was elected three months ago, and in the wake of CER, there have been 14 applications from New Zealand, of which 11 were approved, one withdrawn and two turned down.

The Treasury officials regarded that as very reasonable.

The FIRB was the result of a comprehensive review of Australia's piecemeal foreign investment provisions, undertaken at the behest of the Whitlam government and completed in 1975.

The following year, the new Fraser government accepted most of the proposals with a few changes — the most significant being the investment board. It is again under review.

The board itself does not make decisions about the investment proposals. It investigates them and makes a report with recommendations to the Treasurer.

Obligations

"Fundamentally our policy is non-discriminatory, and if we discriminate in favour of New Zealand, other countries will have a cause for argument," one official said.

"We have other economic and treaty obligations to consider, and discrimination puts at risk the basis of our whole foreign investment policy — it takes away our independence."

"We don't see that the present policy can't accommodate any moves under CER."

The officials said one problem with giving New Zealand preferential treatment would be in deciding what could be classed as a New Zealand company.

They said the danger existed of foreign firms with controlling or majority interests in a New Zealand company being able to use preference to get around Australian investment laws.

They are defensive about their policy, which they believed was being administered flexibly and did not need changing to cope with closer economic relations.

The situation could be different under a customs or economic union, "but that's a medium to long-term question, and is also a question for New Zealanders to decide whether they really want to become part of Australia."

Misunderstanding

There is an impression or feeling in some quarters of the Treasury that New Zealanders and New Zealand business in particular believed that CER would give them a special deal on investment in Australia.

"I think there has been a terrible misunderstanding in New Zealand about CER. It looms larger in the New Zealand businessman's mind than in the Australian's," the official said.

"There has been a lot of emotion generated, but it is not matched by what is in place. The substance of CER doesn't back up that expectation."

"We're not downgrading CER, but keeping it in perspective. It's the start — not the end."

JAPANESE BANKERS INVEST \$40 MILLION IN COUNTRY

Auckland THE NEW ZEALAND HERALD in English 21 Jun 83 p 1

[Text]

NZPA Wellington

Japanese bankers have invested \$NZ40 million in New Zealand in the past four days — funnelled through a new bank-note issue by the Bank of New Zealand.

In the first issue of its kind available to domestic corporations and quangos (semi-government organisations) unable to use their own name to raise cash offshore, the Bank of New Zealand has sold 40 \$1 million notes to Japanese investors for New Zealand dollars.

This means the notes will be bought by the Japanese using NZ dollars, thereby removing the exchange rate fluctuation risks from the New Zealand borrowers.

Healthy Interest

The Japanese have apparently been willing to carry the exchange risk on the seven-year notes because of the healthy interest and comparative security available in New Zealand relative to other investment markets, finance sources said.

Signed last Thursday

night, the deal has already been fully subscribed with BNZ Finance Ltd acting in the Japanese money market for its corporate cousin, BNZ Corporate Finance Services.

The notes are bought by the Japanese on a discount-to-yield basis, meaning the par value of the notes is paid at the end of the borrowing period, with interest deducted from the principal when the notes are sold.

For example, if the interest rate were 15 per cent on the \$1 million notes, the Japanese investors would pay \$850,000 when they take the notes and receive \$1 million on maturity.

Dollar Pool

The notes are a way of increasing the BNZ's pool of New Zealand dollars, without bearing the exchange risk.

The end-borrowers of the Bank of New Zealand notes will use them either to finance new projects or re-finance existing offshore loans without the exchange risk.

BNZ corporate financial services manager Mr R. Diack said he believed the cost to local borrowers would be comparable with issuing their own debentures.

SUBMARINE FORCE ONE OPTION FOR UPDATING NAVY

Auckland THE NEW ZEALAND HERALD in English 25 Jun 83 p 12

[Text]

Defence planners are studying at least three different kinds of submarines to see if they would be suitable for the Royal New Zealand Navy.

The study is part of the defence review which is expected to be presented to Parliament at the end of the year.

It cannot be presumed that New Zealand will definitely look to submarines to form the "sharp end" of the Navy. The planners are taking a long look at all the possible roles the Navy could fill in the future.

But the examination, along with several other factors, does suggest that there is a chance that in 10 to 20 years, the Navy's fleet could be largely made up of submarines.

The submarines being examined by the planners are the new generation "quiet" diesel-electric craft. One each from West Germany and the Netherlands are being studied, as is the Vickers 2400, a British design still on the drawing board but scheduled for production.

Advantages To New Zealand

Submarines made the world sit up and take notice when they played a vital — if largely unheralded — role in the fighting in the Falkland Islands.

They offer some significant advantages to a country like New Zealand, including cost. Planners estimate a modern submarine would cost between 30 and 50 per cent less than a modern warship.

A brand new replacement for just one of New Zealand's four frigates would cost somewhere between \$250 million and \$400 million.

Such heavy costs led the Commodore Auckland, Commodore L. J. Tempero, to say recently that, with the cost of military equipment doubling every three years, New Zealand might not be able to afford to replace its four frigates with similar vessels when the time comes.

Dutch Frigates

All four frigates are expected to come to the end of their useful lives around the turn of the century. If they are to be replaced, what can they be replaced with?

The Government threw up its hands in horror at the \$250-million-plus price tag of the Dutch Kortenaar class frigate the Navy originally wanted to buy in 1981 to replace our ageing Rothesay class ships.

In the end Navy chiefs settled for two Royal Navy Leander class frigates for a total cost of about \$130 million — a bargain but still a stop-gap measure that will lose effectiveness at around the end of the century.

But although submarines are individually much cheaper than warships, the cost of establishing even a small submarine service is almost certainly well beyond New Zealand's means.

Oberons Too Noisy

However, the defence planners, if they decide submarines are the way to go, might have a handy card to play.

Australia, which established its submarine fleet at great length and cost some years ago, now wants

to replace its six ageing Oberon submarines.

The Oberons, although still effective, are regarded as too "noisy" in an age when the quietest of submarines are needed to creep past ever more sophisticated detection devices.

New Zealand could benefit from the Australian desire for newer submarines. Last month the defence ministers of both countries signed a joint memorandum of understanding.

The agreement is expected to result in more purchases of matching military equipment. Both are considering buying a new package of infantry weapons and armoured personnel carriers for their armies.

Tried But Failed

The submarine purchase could be an extension of that. One New Zealand defence source said: "We will certainly want to keep pace with the Australians who are going through a similar (submarine evaluation) exercise. It would make more sense to do that."

However, Navy sources said the possibility of co-operating with Australia on defence purchases did not necessarily mean a smooth path.

Such things had been attempted before but had failed because the Australians had plumped for equipment more expensive than New Zealand was prepared to pay.

However, one advantage of Australian co-operation in the setting up of any submarine service here is that the Australians might provide technical and training short-cuts.

It normally takes up to 10 years of high expense and involved training before a country can run its own submarine service. The Australian experience, New Zealand naval sources suggest, could reduce that time.

Another reason New Zealand is interested in the

submarines is that they could significantly reduce the Navy's wage bill.

Pay for personnel is the single biggest item of the defence expenditure every year. While the four frigates are manned by 200 to 250 men, the submarines can be manned by many fewer.

One person campaigning for the introduction of submarines is the Government MP for Marlborough, Mr D. L. Kidd. He is a member of the parliamentary select committee on defence and is regarded in some quarters as a possible future Minister of Defence.

"I have been pointing to the fact that if we have to seek a more cost-effective defence in naval terms, a number of things lead me to believe that diesel-electric submarines might be better than a frigate Navy," he said yesterday.

Surface ships were now far more vulnerable to anti-ship missiles which could be launched against a ship without the target knowing about it, said Mr Kidd.

Greatest Lesson

Improved satellites meant the position of surface ships could be plotted very precisely "and a submarine sent there with precision."

Mr Kidd believes that the greatest naval lesson to be learned from the Falklands crisis is the effectiveness of submarines.

"The British submarines kept the Argentine Navy out of the war altogether," he said, referring to the three little-discussed British nuclear submarines whose presence kept the Argentine ships in harbour.

"And a very high degree of the British naval effort was directed towards protecting its quite small ship forces against the possibility of attack by the Argentinian submarines which by modern standards are just old tin cans."

"My information suggests that the British did not even know if the Argentinian subs left port. But they

still fired 70 torpedoes at what they thought were subs."

The submarine was a much more feared weapon and thus of great value in a defence system which wanted a deterrent.

Surface Fleet

"I doubt whether we could afford to buy them ourselves," said Mr Kidd. "But maybe it could work if they were purchased in concert with Australia and other Commonwealth countries who might be interested in, say, the Vickers 2400."

He was not advocating doing away with a surface fleet. But he thought the New Zealand surface vessels of the future could be more of the tanker types to replenish submarines at sea.

The Falklands dispute had also shown that civilian ships could be fitted out to carry military equipment, like anti-submarine helicopters. That was a far cheaper option than buying warships, said Mr Kidd.

New Zealand's two new frigates were tremendous bargains but he did not think they added to our defence capability.

Considering All Options

The Minister of Defence, Mr Thomson, acknowledged in a recent speech that submarines were being looked at, but he emphasised that the examination team was doing no more than considering all possible options to find the best formula of equipment and manpower for New Zealand's needs.

He said he was sure Mr Kidd's comments on submarines did not imply that the Government intended to abandon the surface fleet concept.

Mr Kidd responded: "The minister can speak for himself. He is in his sixties and I am in my forties. I feel I can more easily look to 10 years from now and I want us to have a Navy that can defend us."

LABOR PARTY PROMISES NO RAPID IMPROVEMENT

Auckland THE NEW ZEALAND HERALD in English 28 Jun 83 p 3

[Text]

The MP for Otahuhu, the Hon R. J. Tizard, said last night that the Labour Party would not condition people to expect a rapid improvement in the economy if it became the Government, because there would be no such improvement.

Speaking at a Labour Party "economic roadshow" meeting on the North Shore in Auckland, he said the party would not give the impression that the economic ills from which New Zealand suffered would be put right in three months.

"The truth is they will not be put right in three years," he said. "Politics is the art of the possible. Miracles are not possible. Labour does not promise any because we will not be delivering any."

Unpleasant

"Hard and unpleasant decisions which will be unpopular must be taken."

On unemployment, Mr Tizard said there was a shortage of job skills and Labour had estimated that \$140 million would have to be spent on retraining programmes and employment incentives.

"That is certainly a significant sum, but it is trifling compared with the

investment resources we need to stimulate," he said.

The MP for St Kilda, Dr Michael Cullen, said that for decades 70 per cent of the total tax paid to the Government came from wage and salary earners and 30 per cent from companies.

The balance had been systematically shifted so that about 90 per cent of all income tax came from earners and 10 per cent from companies.

"To make things even worse, smaller businesses, not involved in exporting, are paying more than their share of taxation while many corporate giants are ripping the system off," said Dr Cullen.

The MP for Hastings, Mr David Butcher, said more than \$800 million was being spent this year to sustain agricultural production.

"If we were prepared to divert even 5 per cent of this effort towards promoting New Zealand, we would be able to mount a massive sales and promotion drive," he said.

A Labour government would initiate such a programme, promoting New Zealand as a great country from which only the best was exported and where there was continuity of supply, follow-up servicing and in-store promotional assistance.

VOTERS SEE UNEMPLOYMENT MOST IMPORTANT ISSUE

Auckland THE NEW ZEALAND HERALD in English 17 Jun 83 p 6

[Editorial: "Jobless and Inflation"]

[Text]

The news that 109,500 people are unemployed or on special work coincides with a finding by the *New Zealand Herald-National* Research Bureau poll that 54 per cent of voters surveyed rate unemployment as New Zealand's worst problem. No other issue has rated such high concern since the poll on top problems began nearly 12 years ago.

The existence of such a measure of public concern will scarcely be doubted. What is much less certain, however, is that the expressed concern would necessarily translate into political antipathy. Even among those who do not closely follow economic events, there must be a commonsense realisation that governments do not willingly take actions which — according to conventional wisdom — are likely to put them out of office.

The Labour Party spokesman on employment, Mr Neilson, complains that "every 1 per cent reduction in inflation under the freeze has been purchased at a cost of 6000 more unemployed." If the freeze is doing it, why did unemployment also rise before the freeze, when inflation was rampant?

Mr Neilson recently gave an assurance that Labour did not intend to use inflation to overcome unemployment. Such an approach, he said, would not work.

His leader seems to think differently. In an interview early in February, Mr Lange said that Britain had pursued inflation and balance of payments objectives at a cost of three million unemployed. He added: "I would rather New Zealand did not have a vast number of unemployed and per-

haps put up with a slightly above-average inflation factor because I think that would be socially desirable."

Since then, the British Government has been handsomely returned to office. The reasons for Mrs Thatcher's victory are no doubt complex, but they seem to suggest that tough policies on inflation can win much approval and, moreover, that massive unemployment is no longer necessarily the political liability it was once thought to be. British polls found that many of the unemployed would vote Conservative.

The finding in New Zealand that most voters see unemployment as the single most important problem does not mean that the electorate would welcome a return to the crazy chase between wages and prices. Indeed, only one respondent in 100 in the *Herald-NRB* poll was sufficiently upset by the freeze to see it as the top problem. Those who use unemployment to belabour the freeze are, quite likely, barking up the wrong political tree.

CSO: 4200/701

INFLATION RATE FORECAST GREATLY CUT

Auckland THE NEW ZEALAND HERALD in English 21 Jun 83 p 3

[Text]

NZPA

Wellington

The Institute of Economic Research has greatly reduced its inflation rate prediction for the current financial year, mainly because of the extended price and wage freeze.

In its June quarterly predictions, released this morning, the institute forecasts that the consumers price index will rise 7.1 per cent in the year to March 31. Three months ago it predicted a 12.5 per cent inflation rate for the same period.

The institute says that since March the Government's policy has become much clearer, and this has led to a revision of forecasts.

In addition to the wage/price freeze continuing until February 29 next year, it is expected that the Government will not significantly increase indirect taxation levels and Government charges, and will continue with its aggressive internal borrowing programme.

The institute also expects that there will be a little income tax relief in the budget.

Stagnation

However, the institute predicts that the internal economy, and the level of production, will remain fairly stagnant throughout the year.

"A major reason for this internal stagnation is that real take-home wages fell 2 per cent in 1982-83, and we expect them to fall a further 1 per cent in 1983-84. Not surprisingly, we see a small decrease in employment," it says.

"A second consequence of the weak internal economy is that the external balance will improve to a deficit of \$875 million this year in comparison to \$1915 million in 1982-83.

"However, the new policy stance is not without its problems. The Government deficit... is likely to be \$3000 million, or 8.8 per cent of gross domestic product."

Prospering

"So the Government will enter the 1984-85 year with a potentially very liquid economy, a Government deficit which is large and difficult to reduce, real take-home wages near their September 1982 level, and with a commitment to ease the freeze," the forecast says.

"Given a prospering international economy, the Government will have to maintain relatively tight domestic policies, with only a gradual improvement in real take-home pay, if this year's success in reducing inflation is to be held."

The institute forecasts that the money supply will increase rapidly in 1983-84 — by about \$1 billion or 15 per cent — in spite of monetary measures already taken by the Government.

Interest

Any increase would follow a 30 per cent rise in the money supply in the March year.

The institute therefore expects nominal interest rates to fall somewhat but to remain real because of falling inflation

A small decline in real GDP is expected in the present year, followed by a 3.5 per cent growth in the economy in 1984-85.

The Labour Party's finance spokesman, the Hon Roger Douglas, said the quarterly predictions showed that most New Zealanders could expect living standards to continue to fall.

Unemployment would continue to rise, yet company profits would increase, the MP said.

Because of the large Government deficit in the 1983-84 year, there would be a substantial increase in the monetary base this year, he said. The Government would have to finance the deficit by new debt issues similar to Kiwi savings stock.

"The institute forecasts a sharp jump in real interest rates this year," Mr Douglas said. "This will further inhibit private sector investment."

He said the institute's prediction of a 26 per cent increase in export earnings in the current year would depend on the strength of the international recovery, which was still uncertain.

REVIEW OF DEFENCE SPENDING

Auckland THE NEW ZEALAND HERALD in English 14 Jun 83 p 4

[Text]

NZPA Wellington

The Deputy Prime Minister, Mr MacIntyre, said yesterday that defence spending might need a substantial increase to maintain present capabilities, but the chances of that happening were slim.

Mr MacIntyre said a review of New Zealand's defence objectives "may find that we need to look again at the type of forces we maintain and how we use them."

"I stress the need for us to tailor our forces to the tasks they may be called on to perform and to the resources available to support them. There will be some hard decisions to make," he said in a speech prepared for delivery to the Returned Services Association dominion council meeting.

The Minister of Defence, Mr Thomson, told the council: "What we need now, perhaps more than any other time in the history of the peacetime armed services, is a reassessment of the aims and capabilities required in the light of ex-

isting economic constraints which are affecting all areas of Government expenditure, not only defence."

Mr Thomson said there was a danger of allowing "financial stringencies to force manning and equipment cuts which would result in undermining the effectiveness of our armed forces."

"Resource pressures" had already forced servicemen "back into their reserves of ingenuity and commitment."

"In such circumstances, any misapplication of financial resources, however small some amounts might seem, can represent a serious loss of opportunity."

For these reasons he had called for the re-examination of defence needs.

Mr Thomson said the review would be completed and made public at the end of the year.

"I can also assure you that the review will be forward-looking, taking into account the need to adapt to future conditions and requirements."

ENERGY, SECURITY IN ANTARCTICA EXAMINED

Wellington THE EVENING POST in English 17 Jun 83 p 7

[Text]

New Zealand regards the Antarctic as a possible future energy bank in which it could some day have a substantial interest.

In the meantime this interest must be protected.

"New Zealand does not dismiss an eventual prospect of hydrocarbon production in the Antarctic under rigorous environmental safeguards," says Mr John Hill, a public policy consultant, in a discussion paper on New Zealand and Antarctica.

"Should this occur the New Zealand authorities assert the principle that New Zealand would be fully entitled to benefit from the resource.

"This is based on New Zealand's claim to the Ross Dependency and the substantial contribution the country has made to the Antarctic generally."

It also reflected this country's concern to remain an effective participant in Antarctic Treaty decisions on minerals, Mr Hill said.

He was referring to efforts by the treaty consultative parties to formulate an Antarctic minerals regime governing any future exploitation of Antarctica's mineral resources.

The objectives of such a regime included the maintenance of the treaty in its entirety and the protection of the unique antarctic

environment and its dependent ecosystems.

The likely shape of a mineral regime was that it would impose legally binding obligations on the parties; it would incorporate a commitment to protect the environment with certain particularly sensitive areas being placed "off limits" to mineral resource activities; and it would create new institutions, be open for accession by states, and make provision for the settlement of disputes.

Mr Hill said the debate on the future of Antarctica would persist both internationally and in New Zealand. It could well become more strident, he said, as it entered the political forums of the United Nations as it seemed likely to do in September.

For New Zealand, the minerals regime was just one side of the coin; this country's security was also involved.

"The preservation of peace and stability south of New Zealand is seen as essential to the country's wellbeing as is the preservation of peace and stability to the north of the Pacific.

"The Antarctic Treaty has given New Zealand this security over the last 20 years. It has established and maintained a demilitarised and stable zone of peace in an inhospitable region, which, if this security were lacking would be a source of very substantial concern to New Zealand."

ENCOURAGING PROGRESS AT TARANAKI OILFIELDS

Wellington THE EVENING POST in English 18 Jun 83 p 3

[Text]

More than \$50 million has been committed to developing the McKee and Pouri oilfields in north Taranaki — which are now expected to produce about 6 percent of New Zealand's oil needs from the last quarter of next year.

The Minister of Energy, Mr Birch, said the nearby Tuhua field, still being tested, could also be linked in with this development, boosting oil production even higher.

Petroleum mining licences awarded to Petrocorp (Exploration) authorise production from the initial two fields of about 4800 barrels a day.

"Tests on the Tuhua field have been encouraging so far, and there is every prospect that it too will be a commercial field. If that is the case, it will be linked with the McKee-Pouri development, and New Zealand will have a very attractive series of oil-producing wells," Mr Birch said.

Development of the oilfields includes building production wells and facilities, 50 kilometres of pipelines to carry oil and gas to the port of New Plymouth, loading and storage facil-

ities at both ends and associated works. The oil would be shipped to Marsden Point for refining.

The McKee field was discovered by Petrocorp in 1980. The Pouri and Tuhua fields — which could be about the same size — were found this year. Their close proximity, all being within a few kilometres of each other, will reduce development costs.

The oil is contained in similar formations to those that have provided the onshore Kapuni and offshore Maui gasfields. However, the McKee field has undergone geological faulting and at 2200 metres below ground is shallower than the latter fields, at more than 3000 metres.

Testing at McKee indicates that it contains about 33 million barrels of oil and 95 million cubic metres of gas. Of this, Petrocorp expects to recover between six and 11 million barrels of oil, with the life of the field given as at least 10 years.

Petrocorp has been given an initial mining licence for a period of one year, but it will be extended for a specified term of up to 40 years.

CSO: 4200/701

TARANAKI OIL PROMISES SAVING OF \$70M ANNUALLY

Auckland THE NEW ZEALAND HERALD in English 17 Jun 83 p 1

[Text]

New Zealand may save about \$70 million a year in overseas exchange with the development of the McKee and Pouri oilfields in Taranaki.

The Government is to spend more than \$50 million on developing the two wells, which are now expected to be producing about 6 per cent of the country's oil requirements in the last quarter of next year.

This could amount to about 5 per cent of the \$1.4 billion expected to be spent on oil imports next year, or about \$70 million.

The Minister of Energy, Mr Birch, said last night that the two fields could produce a total of about 4800 barrels of oil a day.

It was possible that the nearby Tuhua field, still being tested, could be linked with the development, which would boost oil production further.

Mr Birch also said the Petroleum Corporation of Exploration NZ Ltd had been awarded a petroleum mining licence over its McKee discovery in north Taranaki.

He said that about \$20.4 million had been spent on the McKee and Pouri fields by the Government-owned Petrocorp.

Mr Birch said \$31.6 million had been committed between 1983 and 1984 to developing and exploiting the fields' resources.

Between 1984 and 1985 a further \$18.25 million would be spent on the fields' development.

Mr Birch said a total of \$70.8 million would have been spent on the exploration and development of the two fields by 1985.

Being Drilled

The funds to be spent on developing the nearby Tuhua field had not been determined, because testing had not been completed.

But Mr Birch said a new well, in the Pukemai structure, was being drilled and this could be followed by a



second well drilled in the Tuhua structure.

Tests on the Tuhua field have been encouraging so far, and there is every prospect that it too will be a commercial field, Mr Birch said.

If that is the case, it will be linked with the McKee.

Pouri development, and New Zealand will have a very attractive series of oil producing wells."

Mr Birch said development work on the McKee and Pouri fields in the next two years would consist of completing producing wells and facilities, the construction of 50 kilometres of pipelines to carry oil and gas, the building of loading and storage facilities, and the development of loading facilities at Port Taranaki.

Mr Birch said exploration for oil and gas around New Zealand between now and the end of 1985 was expected to cost about \$1 billion.

In 1983-84, about \$100 million in Government funds would be spent by Petrocorp (Exploration) in onshore and offshore exploration. This excluded the additional money being committed to the McKee-Pouri development.

In 1984-85 a further \$100 million in Government funds would be committed

to oil and gas exploration (excluding McKee-Pouri development) and in 1985-86 about \$50 million was likely to be spent.

Concentrating

Mr Birch estimated the total cost of private oil and gas exploration in 1983-84 would be about \$100 million, both onshore and offshore. The following year that would total about \$230 million, and in 1985-86 about \$170 million.

He said Petrocorp exploration was concentrating its onshore efforts in Taranaki.

The company was expected to spend about \$60 million in exploration offshore in Taranaki in 1983-84.

This would be carried out by the semi-submersible drilling rig Benrooch, which would be brought to New Zealand in September from Korea by a consortium of Petrocorp (Exploration), Tricentrol, Diamond Shamrock, and New Zealand Oil and gas.

Mr Birch said the rig was contracted to drill four wells.

Petrocorp (Exploration) was expected to spend \$50 million on exploration offshore in Taranaki in 1984-85, and \$10 million in 1985-86.

The company was also involved in negotiations with Hunt Petroleum, who could bring another semi-submersible drilling rig, Penrod 78, from Japan to drill two wells in the great South basin.

Benefits

Meanwhile, Mr Birch said the Maui gas field was continuing to provide benefits for New Zealand.

In the last financial year the field provided condensate worth \$170 million, or about 10 per cent of New Zealand's oil requirements.

The field also provided the Ministry of Energy with gas worth \$64 million for resale to the electricity division and the Natural Gas Corporation.

OIL EXPLORATION RIGHTS GIVEN TO MORE THAN 80 COMPANIES

Wellington THE EVENING POST in English 20 Jun 83 p 32

[Article by Brian Woodley]

[Text]

More than 80 companies from five countries have signed up for the biggest treasure hunt in New Zealand's history — oil exploration covering some 40 licence areas.

State-owned Petrocorp (Exploration) heads the field, with a controlling interest over 15 licence areas and a minority interest in three others. It has sole charge of three licences, including the onshore North Taranaki area that has turned up small oil fields in recent months near the earlier-discovered McKee field.

Petrocorp has some 43 partners in sites offshore from Taranaki, on and off the West Coast of the South Island, in the Great South Basin off the southern coast, and off the northern shore of the South Island.

Another company with big licence interests is NZ Oil and Gas Ltd, which was created about two years ago and operates through two subsidiary companies, Stewart Petroleum Co Ltd and Petroleum Resources Ltd.

Stewart Petroleum has interests in six licences, all offshore, covering the West Coast of the North Island, Taranaki, Southland and Stewart Island.

Its onshore licences are managed by Petroleum Resources, with three areas in Taranaki and the West Coast of the South Island. This company was awarded a new licence last week, covering south Taranaki.

The NZ Oil and Gas subsidiaries have interests in four licences controlled by Petrocorp.

Then there are Cue Energy Resources and Cue Minerals, based in Melbourne but with agents in Wellington, with interests in six licences including two as a partner with Petrocorp and other companies.

Cue's Wellington agents are Bell Gully and Co, who also act for Charter Oil and Gas Pty Ltd — involved with Cue in an offshore area between the North and South Islands — and Yellow Knife Resources, which holds a 50 percent share in a licence area in Hawke's Bay.

BP (Oil Exploration) Co of New Zealand and Shell (Petroleum Mining) Co Ltd are each involved in two Taranaki offshore areas with Petrocorp, and with two areas offshore from the South Island's east coast, the latter in partnership with Todd Egmont Oil Ltd.

Diamond Shamrock Oil Company (NZ) Ltd, with its head office in Dallas, Texas,

has interests in four licences, including three Petrocorp ventures and one offshore from the South Island's west coast where Diamond is the leading partner in an eight-company consortium.

Other companies have interests in as many as three licence areas in all cases the licences are for prospecting only — which means that discoveries of oil and gas need further government approval if they are to be exploited.

As can be seen from the examples cited, partnerships vary widely over particular licence areas. One section of the west coast of the South Island, both on and offshore, has no fewer than 18 partners — the biggest being Petrocorp with 51 percent and then Diamond with just over 13 percent.

Specific interest

American involvement is led by the Triton Energy Corporation of Dallas, Texas, which has a specific interest in one licence — the above-cited 18-partner venture — but subsidiary interests through a range of other companies listed as coming under the gamut of Triton Investors, the Triton Oil and Gas Corporation, and Triton Oil (NZ) Ltd.

These companies include C-Tex Oil Corporation, Crusader Oil, Eubank, the Mercury Oil Company, J Nunnally, the Paco Oil Company, Pan Central Explorations, J W Vanderveer, Viersen and Cochran, and Wilco Properties Inc — all core of Triton Investors.

Exploration alone, spread over the 80-odd companies, will cost several hundred million dollars, a large chunk of which is budgeted for the rest of this year. At least four drilling rigs will

be in operation this year, including the semi-submersibles Benrooch and Petrod 78.

A month ago, the companies or principals listed as licence holders included 33 American, 21 Australian, 13 Canadian, two British and 12 New Zealand.

International interest in finding oil here does not appear to have waned despite the world oil glut. A survey by BP's London office, released last week, says oil use declined by 3 percent in 1982, down to a bit over 2800 million tonnes.

The survey said proven world oil reserves total 92,000 million tonnes, more than 50 billion of which is contained in Middle East fields. The United States remained the biggest user, burning 703 million tonnes compared to western Europe's 601 million tonnes and the Soviet Union's 448 million tonnes.

New Zealand's oil consumption has declined in recent years to about 3.6 million tonnes.

NEGOTIATIONS TO BE HELD ON ANTARCTIC MINERALS

Wellington THE EVENING POST in English 24 Jun 83 p 2

[Text]

Four New Zealand officials will leave this country shortly to attend the next round of the complex and pressured negotiations on Antarctic minerals to be held in Bonn.

The talks, becoming increasingly urgent, are being held by the 14 consultative parties to the Antarctic Treaty to reach agreement on a minerals regime setting out how Antarctic minerals might be exploited. The question is not covered by the treaty.

They are taking place in Bonn, Germany, from July 11 to 22, and the New Zealand delegation, led by an assistant secretary of Foreign Affairs, Mr Chris Beeby, leaves July 6.

The delegation comprises Mr Beeby, the head of Foreign Affairs legal division, Mr Bill Mansfield, assistant commissioner of the Commission for the Environment, Mr John Gilbert, and Mr Barrie Fowke, assistant director of oil and gas for the Ministry of Energy.

The special meeting of the consultative parties is the third to be held and is expected to be chaired by the leader of the delegation from the Federal Republic of Germany, Mr Ernst F Jung.

The previous two were held in Wellington in June, 1982 and January this year, and were chaired by Mr Beeby whose hotly-debated confidential draft minerals regime was leaked to the press recently by the Antarctic and Southern Ocean Coalition (Asoc) and Greenpeace environmental groups.

New Zealand was the first of the consultative parties to urge the formulation of a minerals regime. Two years after it did so, in 1973, a European delegate to a meeting of treaty nations in Wellington said:

"This treaty will last until a big mineral discovery is made - then it will be every man for himself."

The Minister for the Environment, Dr Shearer, said in an address in Wellington last week that an unregulated scramble for Antarctic minerals could develop unless an international agreement was established soon.

Draft

Mr Beeby said in January that a final draft might be drawn up in the next two years. His draft is expected to be a main topic of discussion at Bonn.

Dr Shearer told the "Post" today that he was "pretty relaxed" about Mr Beeby's draft minerals paper going forward as "a working document for the next stage of the discussions" in Bonn.

An Asoc spokesman, Mr Alastair Machin, said the consultative parties who will be meeting behind closed doors in Bonn were likely to be upset about the release of the confidential draft and would suspect the leak occurred in Wellington.

But the document, which environmentalists believe facilitates mining at the expense of adequate controls, was released "relatively simultaneously" in London and Wellington with London ahead by about 12 hours, he said.

The six nations who, like New Zealand, had claimed territory in Antarctica (Argentina, Australia, Chile, France, Norway and the United Kingdom), were also likely to be unhappy with the draft because it reduced their exclusive control over mining, Mr Machin said.

The United States and the Soviet Union are among the consultative parties, but have not recognised claims.

Political

A consultant to the Ministry of Foreign Affairs and the Commission for the Environment, Mr John Hill, said in a discussion paper on Antarctica presented to the seminar last week that political concerns were uppermost in the minds of the consultative parties in their efforts to negotiate a minerals regime.

"The consultative parties are an unlikely and diverse grouping of countries many of which, in their relationships beyond Antarctica, have more to differ about than they have in common."

"They are a powerful grouping once united behind an agreement, but a vulnerable grouping until that agreement is secure. As long as they remain vulnerable so too does the treaty system. So too does the security of New Zealand's backyard," Mr Hill said.

With the release of the confidential "Beeby draft" and his announcement last weekend that China had joined the 28 countries that have acceded to the treaty, Mr Beeby has adopted a high profile on Antarctic affairs.

This is perhaps unusual for a public servant, but is believed to be related to Mr Beeby's chairmanship - independent of the Government - of the two special minerals meetings in Wellington.

Dr Shearer said he saw no need to comment further on China's accession, and, in general, personally believed Mr Beeby was "doing an excellent job."

EDITORIAL COMMENTS ON BUTTER SALES TO BRITAIN

Auckland THE NEW ZEALAND HERALD in English 20 Jun 83 p 6

[Editorial: "Battle for Butter"]

[Text] Opening shots are soon to be fired in the negotiations to maintain New Zealand's 87,000 tonne butter quota to Britain next year and for longer, if possible. The Minister of Overseas Trade is in Europe preparing for what seems certain to be the stiffest hurdle yet the industry has had to surmount. Nobody with sufficient knowledge of the present state of world dairy markets will doubt the gravity of the negotiations.

Unfortunately for Mr Cooper, his visit comes at a time of rising agricultural surpluses in both the European Economic Community and the United States and mounting political tension in Europe. His talks are being held against the background of a predicted rise this year of 2 percent in world dairy production and a serious split in the Community over the cost of the huge European farm subsidies.

However much New Zealand might try to isolate its case for butter access from such considerations, it is difficult to see how they will not colour the attitudes of EEC agricultural ministers when the Community commission presents its proposals for continued New Zealand access in August.

Butter mountains have existed before, but this time the Community is apparently determined to worsen the glut by increasing its farm prices. At the same time, it has increased export subsidies for dairy products and thus, made selling at a profit in markets outside Europe more difficult for the New Zealand Dairy Board.

Britain, as she has done in the past, is expected to support the New Zealand case stoutly during the coming negotiations; but she is also pledged to oppose the high Community farm subsidies. In spite of British efforts to keep the two arguments in separate compartments, hard-line members, such as France, are unlikely to be impressed. The new French Minister of Agriculture, who is reputedly as tough as his predecessor, is expected to argue that countries with special concessions like New Zealand should be the first to be sacrificed in any reduction in the European farming budget.

In such difficult circumstances, Mr Cooper will need to exercise patience and tact. In particular, he needs to establish good working relationships with three new European agricultural ministers, Mr Jopling of Britain, Mr Kiechle of West Germany, and Mr Rocard of France. Mr Jopling's goodwill will be especially important. The battle is one New Zealand cannot afford to lose.

CSO: 4200/701

LABOR FAVORS PRICE FREEZE

Auckland THE NEW ZEALAND HERALD in English 21 Jun 83 p 3

[Text]

Some form of wage and price freeze would have to stay under a new Labour Government, the Leader of the Opposition, Mr Lange, told the Warkworth Jaycees yesterday.

"I don't think, quite honestly, the freeze can just come off," he said, in answer to a question about Labour's intentions.

"There would need to be some sort of holding operation to prevent an explosion of inflation. An anti-inflationary mentality has not yet developed."

Mr Lange said that there would need to be an understanding with the unions and a level of restraint.

And this would also mean a need for a form of price control because we could not come out of a price freeze by letting prices go and restraining wages.

CSO: 4200/701

IRANIAN OIL PURCHASE TO PROCEED

Auckland THE NEW ZEALAND HERALD in English 16 Jun 83 p 1

[Text]

New Zealand's first purchase of oil from Iran since the 1979 revolution will go ahead within a fortnight when a 100,000-tonne tanker loads for Marsden Pt.

The \$30 million deal was clinched yesterday by the Shell oil company in Wellington after seven weeks of negotiation.

It is the result of a request by Iran to the Minister of Foreign Affairs, Mr Cooper, last December for this country to buy Iranian oil in return for Iran's big purchases of New Zealand lamb.

The Minister of Energy, Mr Birch, last night welcomed news of the deal.

He said regular Iranian oil purchases were unlikely, but since a good trading relationship between the two countries had developed, and the trade balance heavily favoured New Zealand, it was fair to buy some oil

Revolution

The oil will be loaded on to the tanker *Nacella* in Iran before the end of the month and is expected at the Marsden Pt oil refinery in mid to late July.

Before the 1979 Iranian revolution disrupted supplies, Iran supplied up to half New Zealand's oil and oil-product needs.

After the revolution, New Zealand switched to other suppliers, notably Saudi Arabia and Indonesia. No Iranian oil has come to this country since early 1979.

The so-called meat-for-oil deal last year saw Iranian oil being sold through a third party to provide funds to buy New Zealand lamb, so none of the oil came to New Zealand.

Aim to Please

After Mr Cooper's December visit to Iran, during which the Iranians asked that New Zealand buy Iranian oil for direct use at Marsden Pt, Mr Birch asked the oil companies to oblige.

The 100,000-tonne shipment is small compared

with New Zealand's annual oil imports of about 3.2 million tonnes, but the Government will obviously hope the deal will please the Iranians.

The director of oil marketing for Shell in Wellington, Mr Barry Dineen, said he had no reason to believe further Iranian oil would be bought.

Mr Dineen said the cargo was to fulfil an undertaking given by Mr Cooper to the Iranians.

Total Value

Mr Dineen said the oil, of the grade known as Iranian heavy, had been bought at term contract rates, which at present were below the spot or non-contract price for the grade.

The present term price for Iranian heavy is \$US26.90 a barrel (\$NZ41.38). There are 7.24 barrels of oil in each tonne of Iranian heavy, so the total value of the cargo is about \$NZ30 million, plus shipping.

Iranian heavy tends to produce more fuel oil than

petrol or diesel during refining, and that was a factor in the decision to buy that grade rather than a lighter grade.

Because large volumes of fuel oil have been burnt at thermal power stations in recent weeks, the Iranian heavy will be useful in helping to replenish stocks.

New Zealand's fuel oil consumption has fallen markedly in recent years, from more than one million tonnes in 1977 to only 396,000 tonnes last year. The main reason for the fall is the growing use of natural gas rather than oil in industry.

So this country has switched to the Indonesian and local condensates which produce better quantities of petrol and diesel, gradually reducing the market which would have been available to Iran.

And after the revolution, New Zealand saw Saudi Arabia, the world's largest oil exporter, as a more reliable supplier — a feeling which lingers as the Iran-Iraq war drags on.

CHINA BUYS 16,000 TONS OF 1983 MAIZE HARVEST

Auckland THE NEW ZEALAND HERALD in English 17 Jun 83 p 4

[Text]

New Zealand has sold more than 16,000 tonnes of its 1983 maize harvest to China, the first time such a sale has taken place.

Dalgety New Zealand Ltd, which has concluded the sale through an international grain trader, says the sale follows a reduction in the expected New Zealand demand for maize.

It says the sale has been negotiated at satisfactory prices, allowing for a margin equivalent to that obtained from the local market.

Bulk Carrier

The shipment is now being loaded on the bulk carrier Yong Jai Hai at Mt Maunganui. Virtually the entire consignment is made up of maize contracted by the company with growers in the Bay of Plenty.

Dalgety says the contracts were originally let on the company's policy of giving absolute priority to the local market and were based on user estimates of requirements at that time.

With the reduced local

demand, the export sale will allow some individual growers without fixed contracts to satisfactorily market their grain, a position they might not otherwise have reached, says the company.

Profitability

In the meantime farmers in the Waikato are having some worry about the profitability of growing maize under the price freeze.

The chairman of the Waikato Federated Farmers' agriculture section, Mr Duncan Johnstone, says it appears unlikely that maize growers will be granted an exemption to seek a more profitable price.

It means that they will have to wait until after the end of February next year to get a price that will help restore profitability.

Mr Johnstone says it appears that increases in the cost of growing the crop this year could be substantial, with the chemicals needed increasing in price by up to 25 per cent.

LAMB EXPORT CUT TO BE RESISTED

Auckland THE NEW ZEALAND HERALD in English 20 Jun 83 p 5

[Text]

NZPA Brussels

New Zealand will resist any move to cut the present 245,500-tonne level of sheepmeat to the EEC, says the Minister of Overseas Trade, Mr Cooper.

He was responding to suggestions by some Common Market officials in Brussels that they might be looking for New Zealand to send smaller quantities of lamb to Britain.

"This was rather surprising when overall the Community is still only 70 per cent self-sufficient in this (lamb)," Mr Cooper said.

The EEC Commission is required to report to the Council of Ministers on the sheepmeat regime before October with a view to implementing any reforms by next April.

New Zealand accepted the present 245,500-tonne annual limit under the voluntary restraint agreement.

When it accepted the voluntary restraint agreement, it also negotiated a reduction in the tariff on

sheepmeat from 20 per cent to 10 per cent.

Tariff

But, even with the reduction, the cost of the tariff to the New Zealand meat industry is still between \$40 million and \$50 million a year.

It is clear New Zealand will be looking for a further cut in the tariff if the EEC tries to set a lower level than 245,500 tonnes.

Said Mr Cooper: "We are not in any way prepared to accept that, and it is not our intention to focus on that matter lest we create a dialogue which is possibly avoidable."

He expects the commission to recommend a butter quota close to the 1983 level of 87,000 tonnes which New Zealand sees as a bare minimum.

Hurdles

"It is now apparent that the commission sees the very real politics of maintaining access for agricultural products from New Zealand and quantities

close to the 1983 levels are expected as its recommendation."

The real hurdles, the minister said, would be the political pressures facing the 10 EEC members and the problems which would arise if the New Zealand question got caught up with other Community issues like the budget and future production levels.

Mr Cooper spent 12 hours in talks with EEC commissioners and senior officials in his first three days in Brussels.

They included meetings with the EEC president, Mr Gaston Thorn, the agriculture commissioner, Mr Poul Dalsager, the external relations commissioner, Mr Wilhelm Haferkamp, the budget commissioner, Mr Christopher Tugendhat, and the economic and financial affairs commissioner, Mr Ivor Richard.

He has also met the commissioner for industry and employment, Viscount Etienne Davignon, of Belgium, one of the most influential members of the commission.

BRIEFS

WOOL SALES--The wool-selling season is closing on the cheering note that overseas buyers have bought more wool than New Zealand has yet produced in a year. By the season's end on June 30, New Zealand will have sold its entire 1982-83 season's wool production and more than 122,000 bales from the Wool Board stockpile. In quitting 4545 bales of its stockpile yesterday, at the last auction to be held in Auckland for the season, the board reduced its holding to under 300,000 bales, compared with a peak of 422,000. Selling the season's production is an encouraging achievement in itself, in view of the sharp increase in wool production in recent years. [Excerpt] [Auckland THE NEW ZEALAND HERALD in English 24 Jun 83 p 3]

CSO: 4200/701

PDP CHAIRMAN CALLS FOR UNITY AMONG OPPOSITION PARTIES

Coalition Urged

HK160633 Cebu City VISAYAN HERALD in English 25-26 Jun 83 pp 1, 2

[Text] PDP [Philippine Democratic Party]-Laban Chairman Antonio Cuenco says that a coalition of all genuine opposition parties is necessary if the opposition has to put up a good fight in the coming electoral contest for the national batasan.

Cuenco revealed this view yesterday to VISAYAN HERALD columnist Migs Enrilquez, Jr. (see his column on page 4) who was furnished a copy of an article written by the opposition leader entitled "To the Opposition Groups: Coalesce or Perish."

According to Cuenco, the people all over the land are asking the same question in a tone of frustration: "Why can't the various opposition groups unite?"

The question has been often asked on the basis of the "constant wrangling and fragmentation of the already feeble and at times irresolute opposition groups," as admitted and confirmed by the former congressman.

In Cebu alone, according to the opposition Solon, there are at least six opposition regional groups.

For these fragmented groups to unite is necessary, if the opposition has to win against what Cuenco calls the "solid, well-funded, well-armed government party, the KBL [Kilusang Bagong Lipunan]."

Although Cuenco finds it impossible for all these opposition forces to be under one party, he sees a silver lining in the opposition leaders' seeing the bigger interest of the nation so that a platform can be formulated "based on principles that are acceptable to them and to the people" on which a common campaign can be conducted.

Cuenco points to the coalition of parties as a "usual expedient resorted to by the major parliaments of the world." Cuenco mentions the example of France, Germany, England and Thailand where a coalition of parties run the government.

Cuenco considers the unifying element under which all opposition groups work and campaign in order to avoid hitting one another instead of training their guns on one common enemy. Otherwise, Cuenco says, "Groups running their own individual campaigns will only be dissipating their talents, their meager resources and their rhetorics in a sort of fratricidal squabble."

Coalition is the only best answer to the cry of the people for change, Cuenco says.

Columnist Endorses Unity Appeal

HK160637 Cebu City VISAYAN HERALD in English 25-26 Jun 83 p 4

["Believe Me Or Not" column by Attorney Migs Enriquez, Jr: "Cuenco's Coalition Call"]

[Text] Former congressman Antonio V. Cuenco, the incumbent chairman of the PDP [Philippine Democratic Party]-Laban in the Visayas, had sent to us an article entitled: "To the Opposition Groups: Coalesce or Perish." Apparently, his article is a rejoinder to the article published in the VISAYAN HERALD by assemblyman Valentino Legaspi who posited the theory that there is no necessity for the opposition groups here to coalesce to win the coming Batasan Pambans elections.

By virtue of the clarity of his thoughts and the logics of his arguments, we quote hereunder excerpts of Mr Cuenco's exposition:

Cuenco's Views

All over the land, people who are concerned about the revival of democratic processes have one invariable question to ask: Why cannot the various opposition groups unite?

Here in Cebu alone, there are, at least of last count, six opposition regional groups. Hence, from the pragmatic consideration alone of winning in elections, there has to be some kind of a unification of the opposition groups. Otherwise, how can 6 fragmented win over the solid, well-funded, well-armed government party the KBL [Kilusang Bagong Lipunan]?

The coalition is practicable. Under a coalition, the parties need not lose their identities. Neither is it necessary that the parties discard their platforms. All that is required is that tactically, the parties come up with a coalition platform, for the nonce, and merely as an expedient for purposes of the election to present to the people.

I am certain that the opposition leader of central Visayas are not so bereft of innovativeness that they cannot formulate a platform based upon principles that are acceptable to them and to the people and upon which they can conduct a common campaign.

There, then, does not appear to be any weighty reason why a coalition of opposition parties cannot be resorted to, within the context of Philippines realities in Central Visayas, at least, if the opposition is to give hope to the people that indeed they are unified and therefore, they can, at the very least, put up a creditable showing against the KBL in the coming electoral contest.

Therefore, I say that a coalition of genuine opposition groups will be the best answer to the people's constant cry and query: Why can you, the opposition, not unite?

Thus, I say that a coalition of the various genuine opposition groups is not only desirable, it is practicable and necessary if we are to restore hope to our people that we can still achieve the reformation of our society through the ways of peace.

Unless we do so, that is, form a coalition to serve as the electoral vehicle for our people, we might be as guilty as those who in the guise of national security, actually trample upon the liberties of our people. For them, we would be playing into their hands by deliberately fragmenting ourselves into parochial, inutile, and impotent regional groups.

My Comment

Thus, I say to the fractious fragments of the opposition: coalesce or perish: There is no other way.

CSO: 4200/719

PRESIDENT MARCOS APPROVES 1984 BUDGET

Manila PHILIPPINES DAILY EXPRESS in English 1 Jul 83 pp 1, 6

[Text] Tolosa, Leyte--President Marcos yesterday approved for submission to the Batasang Pambansa a P59.5-billion budget for 1984.

The proposed budget is P2.5 billion bigger than the P57 billion originally drawn up. It provides significant increases for social services, general government and national defense.

The biggest item will go to social services, including health, education, culture, sports, human settlements and social services, totaling over P11.5 billion.

The President announced the proposed 1984 budget after a meeting with some Cabinet members.

Budget Minister Manuel Alba, who recommended approval, said the P2.5-billion increase is necessary because:

1. The expected economic recovery permits more expenditures.
2. Devaluation of the peso will increase expenditures.
3. There is need to implement capital projects, particularly those that are foreign-assisted, to prevent higher cost due to delays.
4. Salary adjustments are needed in operating expenditures.

To control possible increased disbursements not backed up by revenues, Alba said the P2.5 billion will be in reserve, thus effectively attaining the original P57 billion ceiling.

The new budget level allows for a 13.9-percent growth in operating expenses and a 1.4-percent reduction of capital outlays.

The government is expected to generate P23 billion in internal taxes, P15 billion in non-tax revenues such as social security payments and earnings of government corporations. About P9 billion will be raised through public borrowings.

The major sectors and their budget shares are:

1. Agriculture, natural resources and agrarian reform--P2.3 billion.
2. Trade, industry investments and tourism--P726.7 million.
3. Social development--P11.5 billion.
4. Infrastructures and utilities--P7.2 billion.
5. National defense--P8 billion.
6. Government services--P2.9 billion.
7. Legislatives, judiciary, and constitutional offices--P1.2 billion.

CSO: 4200/679

CENTRAL BANK FUNDS FOR FIVE BANKS

Manila BULLETIN TODAY in English 2 Jul 83 p 25

[Article by Loreto Cabanes]

[Text]

The Central Bank may have to pump in P1 billion in new advances to five commercial banks now controlled by government institutions to assist them carry out their respective rehabilitation programs.

The five banks — International Corporate Bank (Interbank), Union Bank of the Philippines, Pilipinas Bank, Associated Bank, and Republic Planters Bank — have submitted their respective rehabilitation plans to the CB and all of them call for new CB financial assistance.

These five banks used to be owned and controlled by private sector groups but fell into the hands of government institutions when the CB provided them with emergency advances to avert their going under.

As a consequence, Philippine National Bank acquired control and management of Pilipinas Bank, the

Development Bank of the Philippines of Interbank and Associated, Social Security System and Land Bank of the Philippines of Union Bank of the Philippines, and Philadcom of RPB.

Another private commercial bank — Commercial Bank of Manila — was subsequently acquired by the Government Service and Insurance System.

In the case of Pilipinas Bank, the CB has reportedly agreed to provide an assistance package of P300 million consisting of advances, new equity through PNB, and re-discounting lines.

In turn, the Pilipinas Bank will write off bad loans that are still being carried in its book for the past several years. A major portion of the loans to be written off will be charged against stockholders' equity.

At Associated Bank, which will be sold to private group for P200 million, the CB reportedly agreed "in principle" to provide a package of assistance worth P400 million, provide the new owners put P200 million in fresh capital through a build-up program.

In the case of Interbank, whose rehabilitation program has been pending for sometime with the CB, the scheme seems to be more complicated.

While Philippine Commercial and Industrial Bank has the option to buy 30 per cent of the equity held by the DBP in Interbank, an acceptable formula on the accounting treatment of some P1.4 billion in loans still has to be worked out.

These loans represented the emergency advances extended by the CB to Interbank and Atrium Capital Corp which were inherited by the Nation-

al Development Corporation in exchange for the latter's acquisition of the assets of some 12 firms under the Herdis group.

NDC assumed these liabilities with Interbank and issued non-interest bearing notes for them.

Interbank wants the CB to rediscount these notes to improve the viability of its rehabilitation program, otherwise these non-interest bearing loans

would only cause a drag on its operations.

In the case of RPB, the monetary board of the Central Bank was directed by Letter of Instruction No. 1330 to provide immediate assistance to the bank, which has been financing the government's sugar production and procurement program.

The assistance would consist of condonation of RPB's penalties on its reserve deficiencies, conversion of its overdraft in

its clearing account with the CB into advances from the latter's rediscounting window at 8.0 per cent per annum, and direct financing of the sugar program through RPB.

CSO: 4200/690

DAVAO AREA SITUATION ANALYZED

Manila BULLETIN TODAY in English 4 & 5 Jul 83 pp 1, 9 & pp 1, 14

[Article by Jose de Vera]

[Text]

Editor's Note: Reports about the supposed deteriorating peace and order situation in Davao City and the two Davao provinces filled the news pages of various dailies for months now. For a first-hand assessment of the situation, the Bulletin Today sent its veteran military affairs reporter Jose de Vera to Davao on a fact-finding assignment. De Vera's report follows in this series of five articles.

Uneasy peace reigns in the two Davao provinces.

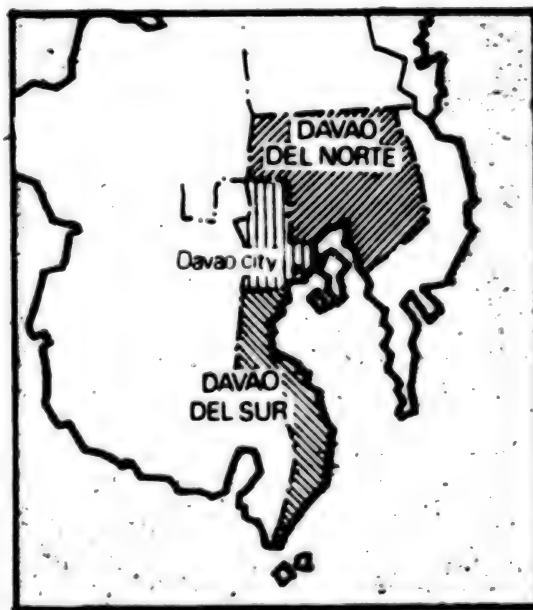
In Davao City which has a population of a little over a million, the atmosphere is one of "arrested peace" punctuated by sporadic but remote disturbances similar, some people claim, to what

are normally obtaining in Metro Manila and other growing metropolises.

Davao City hums with business, sports, socials, conferences, even gambling in all its forms. Many residents and transients are aloof and apprehensive.

Overall, the peace and order situation has eased up considerably compared to six or seven months ago.

This change has been noted since the



national government poured into the area civil relations-oriented personnel of the Armed Forces to contain the threat of the Communist Party of the Philippines and its military arm, the New People's Army, and re-

negades of the Moro National Liberation Front (MNLF).

This was the picture gleaned from interviews with persons from all walks of life, including businessmen, professionals,

pedicab and jeepney drivers, barbers, restaurant helpers, street-sweepers, entertainers, fishermen, military and police authorities, and even reformed and active rebels, or "sparrows" of the NPA.

Those interviewed were cautious. All refused to be identified. They refused to have their remarks taped, or have their pictures taken, saying "Mahirap na, maraming magagalit at masasaktan" (It is hard, many will get mad and hurt).

Who are the "many"? They obviously meant the NPA and MNLF rebels, the military and the police, and certain government officials.

Carrying standard equipment that identified this reporter as a journalist from Manila, I walked the streets of Davao City late in the night till dawn.

This reporter hired a PU car driven by Edgar (not his real name) and revisited Tagum, Davao del Norte, where six months ago, I joined a party led by Maj. Gen. Josephus Q. Ramas,

Army commanding general, and Maj. Gen. Vicente M. Piccio, Jr., Air Force chief, that came here with a battalion of Marines.

Those interviewed attributed the sporadic disturbances in the city proper to spillover activities of the "sparrow units" (NPA commandos) based in the city's outskirts.

Also mentioned as factors for the uneasy peace were the martial law "hangover" of abusive military and police personnel, moonlighting lawmen who also engaged in protection racket and coddling gamblers and gambling joint operators, toughies hired by old businessmen to harass competitors and criminal elements masquerading either as NPA rebels or lawmen in their extortion activities. There were also NPA "tax collectors" and even drug addicts who become violent while under the influence of drugs.

The local press picks up all these incidents from the broadcast and print media and writes about them extensively.

Professionals and former media personnel described media reports as "exaggerated," "overblown," or "sensationalized" and tinted with political color.

The seeming inaccuracies in media reports were attributed by local media men to the reluctance of milit-

ary and police commanders to give information, for fear they would be violating directives from higher headquarters concerning the flow of information, or the "regimentation" of news affecting the military.

been victimized.

A few gave in to the demands but paid reduced amounts. Many who felt secure merely brushed off the threats and went about their normal operations.

Lopez reacted sharply to reports that businessmen were closing shop and fleeing the city not only to evade extortionists but also due to the reported worsening peace and order situation.

Former newsmen, one of them now practicing law and another engaged in business, laughed off reports about the peace and order situation here. The crime situation in Davao City, they said, is far better than in Metro Manila.

Lopez said he made a survey of business establishments in the city and he even reviewed records of the treasurer's office. In both instances, Lopez said, there was no record of any business firm closing shop because of the peace and order situation.

He said that if there were business establishments which closed shop, it was because of losses or poor management.

In fact, he said, the ratio of business firms opening to those suspending operations (either due to poor management or to turn to another venture is three to one.

Lopez told of the opening of a new bank, a new resort, and the continuing influx of American and Japanese investors, as well as other foreign nationals, to survey va-

rious business possibilities, including in the agro-industrial sector.

But Lopez also talked of unpleasant things. He said the extortion activities and threats of "kidnap-for-ransom" groups come in many forms.

One such form is the "extortion" by the NPA under its so-called "progressive taxation system," a matter which military authorities confirmed.

Some big-time businessmen are also known to import groups to extort money from individuals planning to establish their business in the city.

The prospective new businessmen become potential targets of men hired by some businessmen who feel insecure about having a competitor. Extortion, accompanied by serious threats, force new businessmen to give up their plans.

Lopez recalled an incident about a Chinese businessman who lost heavily in gambling. He borrowed from a fellow Chinese businessman and a relative.

When it was time to pay, the indebted Chinese reportedly hired four men to threaten the creditor with bodily harm.

The extortionists, well armed, had an encounter with lawmen and two of them were killed.

Papers found in their possession disclosed their identities as goons from Tondo (Manila) who were not connected with the dissident movement or with local criminal elements.

Another group of extortionists, Lopez said, is composed of ordinary toughies out to make money for themselves. This group sends letters to businessmen demanding money. If he fails to come across, the businessman or a member of his family is threatened with kidnaping.

When a kidnaping is consummated because the demands were not met, the kidnapers send ransom notes.

The mayor said in one incident, members of a "kidnap-for-ransom" gang masquerading as NPA rebels turned out to be local hoodlums.

BICOL SECURITY SITUATION GOOD

Manila BULLETIN TODAY in English 4 Jul 83 pp 1, 17

[Text] Military authorities in Camp Aguinaldo said yesterday that the peace and order situation in the Bicol region is under control. They assured the citizenry that there was no reason to be alarmed by the reported activities of dissidents in the area.

A Camp Aguinaldo source said an intelligence report showed that the situation in the Quezon-Bicol Zone (QBZ) has been improving because of the government's effort in establishing developmental projects in the region.

The source said the AFP's Project Katatagan has immobilized the dissidents, pointing up the close coordination between the military and civilian government in the region.

Project Katatagan is the Armed Forces counter-insurgency measure designed to "win the hearts and minds of the people." It includes establishment of developmental projects, security, information campaigns and civic-military operations.

Commanders and

followers of the Communist Party of the Philippines and its military arm, the New People's Army (CPP-NPA), have surrendered in the Bicol region and other parts of the country. These dissidents have pledged to help the government because they had lost faith in their organization, the source said.

The intensification of government's de-

velopmental projects in CPP-NPA target areas and Project Katatagan have demoralized the insurgents, it was pointed out.

Meanwhile, Gen. Fabian C. Ver, AFP chief of staff, congratulated major service commanders of the AFP in the maintenance of peace and order.

Ver met in Tacloban City with Maj. Gen. Josephus Ramas, PA chief; Vicente M. Piccio, Jr., PAF chief, Admiral Simeon Alejandro,

Navy chief and Brig. Gen. Rene Cruz representing Lt. Gen. Fidel V. Ramos, PC chief and INP director-general. He asked the military officials to help Project Katatagan with its goals.

Ver also congratulated Brig. Gen. Salvador Mison, region 8 unified command commander, for foiling a terrorist plan to disrupt the Sto. Nino festivities in Tacloban.

CSO: 4200/690

DROUGHT VICTIMS GIVEN FOOD ASSISTANCE

Manila BULLETIN TODAY in English 4 Jul 83 p 9

[Text] DAVAO CITY — The National Food Authority (NFA) in Region XI has extended emergency rice loan assistance to more than 200,000 families, benefitting more than a million persons since the emergency program was launched during the six-month long drought in Mindanao. Each family received at least one bag of rice.

This was bared NFA branch manager Vic Jarina in Davao City which served as the center for the multi-agency relief operations for southeastern Mindanao to assist drought-affected farmers and other sectors in the five provinces and two cities of the region.

Aside from the direct cereal loans to farmers, the NFA also extended credit sales to relief agencies, such as the Ministry of Social Services and Development (MSSD) and the Philippine National Red Cross (PNRC), as well as local military units

engaged in civic action programs.

According to the NFA official, the food agency also gave rice supplies for the region's various cultural communities, through the Panamin (Presidential Assistant on Cultural Minorities), which were also affected by the long drought.

The total credit sales to relief operations of other government agencies amounted to P542,720 for rice, P3,820 for white corn and P12,926 for canned goods.

At the same time, the NFA supplied 7,607 bags of rice and 512 bags of white corn for the Imelda Relief Operations undertaken during the period by local military units for their civic-action programs in certain critical areas.

In another emergency loan program to farmers' associations in this region, the NFA assisted some 1,900 associations having a total membership of about 165,000 farmer-families, benefitting

more than 800,000 persons, with each family getting one bag of rice during the drought period.

In the meantime, the NFA regional office headed by Director Eduardo Galang called

a meeting of all NFA provincial managers recently in Davao City to assess the success and the problems of the emergency programs NFA undertook to alleviate the drought situation in Region XI.

Among those who attended were Vic Jarina (Davao City), Ernie Macasinag (Gen. Santos City), Ronald Sadang (South Cotabato), Roberta Melendrea (Davao del Norte), Constantino Cespon (Davao Oriental), Oscar Tubalin (Davao del Sur) and Romy Bautista (regional Kadiwa Center). GMA

CSO: 4200/690

COLUMNIST ON KBL 'ASSAULT' AGAINST VIRATA

HK160648 Cebu City VISAYAN HERALD in English 23 Jun 83 P 4

["Believe Me Or Not" column by Attorney Migs Enriquez Jr: "Can Marcos Afford to Lose Virata?"]

[Text] Professional pundits and amateur politicians are closely watching with mixed feelings of excitement and nervousness the anticipated concerted assault by KBL [Kilusang Bagong Lipunan] bigwigs on the economic policies of Prime Minister Cesar Virata to be launched in the Batasant Pambansa sessions scheduled in the last week of July. Visible preparations are underway to insure the ouster of Virata as the economic kingpin by a "non-confidence vote" among his peers.

This news of political maneuvering is hardly surprising because of the much-publicized offer by Mr Virata to resign which was rejected by Mr Marcos. We recall that as early as the middle of April this year, in a KBL caucus held in Malacanang Palace, Mr Marcos himself announced the need to review the economic policies of the government and how they will affect the elections in 1984. And as if by pre-arrangement. KBL members of the Batasang Pambansa, led by the First Lady and followed by Minister Blas Ople, Assemblyman Elizalde, Mr Benedicto and a host of other prominent administration leaders, took turns in castigating the economic policies of Mr Virata to such an extent that the latter was compelled to respond: "I hate those accusations because I am made to appear like a traitor to my country."

The bone of contention is how the newly acquired loan in the amount of \$500 million dollars from the International Monetary Fund (IMF) should be spent to enhance the administration candidates' chances on next year's elections. Moreover, the loan was granted with stiff conditions, including drastic cuts in the government's budgetary spending by reducing the budget deficit from last year's estimated 14 billion pesos to 9.4 billion pesos this year. The First Lady who is the coordinator of the KKK [Kilusang Kabuhayan at Kaunlaran] program is not happy because she cannot use a portion of said loan to augment the meager funds allocated to the KKK in the face of Virata's tough opposition. KBL assemblymen are worried about their chances for re-election because the budget cuts imposed by Virata will necessarily reduce the massive "pork barrel" projects which they intended to use for political patronage. We can therefore expect a battle royal in the floor

of the National Assembly when sessions resume in the last week of July. As the political dictator of the party in power, Mr Marcos will be impaled between the horns of a dilemma. If he will support Virata, then he will hurt his political friends and followers. But if he will allow the ouster of Virata from office, he will incur the wrath of the IMF and the World Bank which might refuse to grant further loans to the Philippines.

Hence, the crucial question boils down to this: Can Marcos afford to lose Virata?

CSO: 4200/719

MANILA PAPER URGES LEADERSHIP TO CONTROL BUDGET

HK141408 Manila BULLETIN TODAY in English 14 Jul 83 p 6

[Editorial: "Budget Cuts"]

[Text] If the process of trimming government spending is spelled by economic necessity, it is also influenced by the political will of the leadership. Where the budget is already tight, an extremely strong will should be brought into play by all the people in leadership positions to the end that no unnecessary expenditures are made.

The trouble with dealing with aggregates is it often times overlooks the details of spending. Thus, while the Budget Ministry may say that the totality of the spending program is already irreducible, those who know the details--the people who are in charge of directly spending the money--may privately know that their appropriations can be reduced some more but would not agree to reductions because they want to protect their respective turfs.

The will to refrain from useless expenditures or expenditures that may be postponed for better times is to be shared by all and need not be confined to the president or the Budget Ministry.

It is well-nigh impossible to keep track of every item of expenditure in order to determine if it complies with the guidelines, but if the political will exists at all levels of government, the total result can be highly encouraging: the government will not be tempted to impose new and additional taxes, the rate of inflation will be lower, and the risk of injustice that may arise out of certain trade-offs is minimized.

This is an opportune time for summoning the will of the leadership because there is hardly any opposition in power that can lead the ruling party to making populist decisions. At no other time has a ruling party been so strong.

The will of the party, then, can be put to good use at a time when it is most needed.

CSO: 4200/719

BATASAN ELECTION CONTESTS

Manila PHILIPPINES DAILY EXPRESS in English 2 Jul 83 p 2

[Article by David C. Borje]

[Text]

A FIGHT for political supremacy is shaping up in at least five of the country's 13 regions for the May 14, 1984 National Assembly elections.

These areas are Region 4 (Southern Tagalog), 5 (Bicol), 7 (Central Visayas), 9 (Western Mindanao) and 10 (Northern Mindanao) where opposition regional parties are expected to field strong candidates.

In the 1978 interim Batasang Pambansa elections, the opposition put up a good showing in these regions, particularly in Central Visayas where the Puyon Bisaya won all the region's 13 seats in the Batasan.

But the Puyon is now split into three factions. However, the most active Puyon lawmakers, including Assemblymen Hilario G. Davide Jr. and Filemon L. Fernandez, are now being wooed to join a new political

group being organized by leaders of at least three factions headed by the Osmeñas, Cuencos, and Ramas.

Region 4 has several opposition leaders, including former members of the defunct Congress. Among them are Assemblyman Salvador H. Laurel, president of the United Nationalist Democratic Organization; former Senators Jose W. Diokno, Lorenzo M. Tahada, Ramon Mitra, Wenceslao R. Lagumbay, and Jovito R. Salonga, and former Congressman Neptali Gonzales.

In the Bicol area, opposition leaders are headed by Assemblyman Francisco S. Tatad (NP). In Western Mindanao, the opposition is led by Zamboanga City Mayor Cesar Climaco, founder and president of the Concerned Citizens' Aggrupation Party.

CSO: 4200/690

NEW REBEL GROUP DISCOVERED IN DAVAO PROVINCES

HK291256 Manila BULLETIN TODAY in English 29 Jun 83 pp 1, 11

[Text] Cebu City, 28 Jun--Armed Forces chief of staff Gen. Fabian C. Ver today minimized the threat to national security posed by the Philippine Liberation Movement [PLM], a new rebel group that has surfaced in the Davao provinces.

In an interview with defense and military affairs reporters who accompanied him and Maj. Gen. Josephus Q. Ramas, army commanding general, here Ver said that the supposedly new band is a regrouping of communist New People's Army [NPA] elements into a new front organization to divert the attention of the military.

The PLM surfaced four days ago when three alleged members who were arrested told of its existence.

In an earlier report to Ver, Ramas had said the personalities linked to the PLM, as cited by the three captives, were included in the NPA order of battle (OB) compiled by the military.

Before enplaning back to Manila, Ramas received a radio message from the 21st Infantry Battalion (Army) based in San Mariano, Isabela, stating that two NPA women were captured by Army patrols while on their way to the town.

The battalion commander identified the two as Julieta Villanueva and Elena Martin Corpuz, both residents of San Mariano.

Seized from them were manifestos, propaganda leaflets, and other documents.

CSO: 4200/707

NATION TO RELY 'HEAVILY' ON IMF RESOURCES

HK090308 Manila BUSINESS DAY in English 8 Jul 83 p 20

[Text] The Philippine Government will be relying heavily on the International Monetary Fund's (IMF) resources until next year to finance the country's balance of payments [BOP] deficits which are not expected to ease up substantially until 1984.

In a briefing on the year's financial targets given to bankers last month, Central Bank [CB] Governor Jaime C. Laya disclosed that in 1983, "the plan is for the BOP deficit to be funded by the IMF to the extent of 40 percent out of the (IMF) standby facility, the CB to the extent of 15 percent, and the commercial banking system to the extent of 45 percent."

According to the data provided by the CB governor, financing for the estimated \$598-million payments deficit for 1983 will consist of \$243 in IMF drawings, \$100 million in Central bank reserves, and \$255 million in commercial banks' foreign exchange reserves.

However, the CB may have to rely more on IMF resources since the payments deficit for the first semester, as Laya has admitted, exceeds the targets. Preliminary figures indicate that the BOP deficit as of mid-June has reached \$674 million.

For 1984, Laya told bankers, the bulk, or 80 percent of forecasted BOP deficit of \$391 million will be financed by IMF drawings, with the remaining 20 percent balance to come from the commercial banking system. "This will allow the CB to start building up its (international) reserves once again, as it has already begun to do so in the first quarter of 1983."

Declining: BUSINESS DAY calculations indicate that the number of months' imports the country's international reserves can support has been declining since 1979. In that year, the reserves could finance 4.5 months of imports. This has declined to 3.9 months for 1982 and 3.6 months for the first quarter of 1983. In absolute terms, the international reserves declined 6 percent from \$2.707 billion in 1981 to \$2.543 billion in 1982.

The reserves stood at \$2.342 billion as of April this year.

The IMF a few months ago allowed the country to use fund resources totaling \$549.71 million, \$348.88 million of which consisted of a stand-by arrangement and the remaining \$205.83 million in compensatory financing facility.

The \$205.83 million, BUSINESS DAY learned, will be applied to the export shortfall for the 12-month period ending September 1982 while the stand-by arrangement will be applied for the expected 1983 BOP deficit.

Devaluation: The performance of the BOP in the past few months apparently prompted the CB to devalue the peso in order to slow down imports. If the pace of the BOP performance with a \$674-deficit had been maintained, the country would have ended up with a BOP deficit for the entire year of at least \$1 billion or at last year's level of \$1.1107 billion.

The \$348.88 million IMF stand-by fund would not have been enough, and the country would have to draw down on its already declining international reserves. In 1982, there was no IMF standby arrangement with the IMF and the CB had to pay off IMF obligations amounting to \$123 million to partially cover the IMF BOP financing from 1979 to 1981 amounting to \$404 million.

CSO: 4200/707

NPA LANDING IN ZAMBOANGA DENIED

Manila BULLETIN TODAY in English 5 Jul 83 p 1

[Text]

ZAMBOANGA CITY, July 4 — The Southern Command warned the people today against the propaganda efforts of rebels to create mass panic and thus undermine the government.

Southcom Chief Maj. Gen. Delfin Castro issued this warning as he denied a published newspaper report that some 360 MNLF rebels had landed with guns and ammunition in Alicia, a coastal town in Zamboanga del Sur.

Castro said it is impossible for such a big group to land in that part of the province without being detected by the military.

He said both military and police authorities in

Alicia officially reported there was no such landing, contrary to what was relayed by a confidential agent of Mayor Cesar Climaco of this city.

The Southcom chief said the report to the mayor was part of the propaganda of the MNLF and the Partido Demokratiko Sosyalismo ng Pilipinas.

He said military intelligence units which looked into the report said there was no landing of rebels and firearms. The group also reported that it was just propaganda to scare the people and make them leave their homes and property which the dissidents would then ransack.

CSO: 4200/690

NPA STRENGTH IN BICOL ASSESSED

Manila BULLETIN TODAY in English 2 Jul 83 p 1

[Article by Isidro M. Roman]

[Excerpt]

LEGAZPI CITY, July 1 — A total of 208 barangays in the five Bicol provinces are under the influence of the Communist Party of the Philippines (CPP) and its military arm, the New People's Army (NPA).

This was the assessment given to Defense Minister Juan Ponce Enrile by Brig. Gen. Jose Alcañeses, Bicol Constabulary commander, on the extent of communist infiltration in the region.

The CPP-influenced areas have a combined population of 343,600 or about 57,600 families, Alcañeses said.

He, however, said the overall military situation

in the region is under control, pointing out that the figures represent just a dent in the total population of the region.

Bicol is composed of 3,500 barangays scattered in the provinces of Masbate, Sorsogon, Camarines Norte, Camarines Sur, and Albay.

Enrile came here as guest of honor and speaker of the Bicol Reporters' Association for Development (BRAD) headed by Salvador Flor.

CPP-influenced barangays, he said, are those that are under CPP control or whose affairs are being directed by the party.

CSO: 4200/690

LEADING FIRMS SUFFER BIG PROFIT DROP

HK060143 Manila BUSINESS DAY in English 5 Jul 83 p 14

[By BUSINESS DAY Research Staff]

[Excerpt] If the performance of the top 1,000 is a reliable indicator, then the much-ballyhooed economic recovery is still a long way off.

Reflecting the worsening economic condition, the country's 1,000 leading corporations in terms of gross revenues turned in another dismal performance last year. According to BUSINESS DAY's preliminary ranking of the top 1,000, the elite group suffered a huge 61.45 percent drop in profits last year. This was even bigger than the 57.84 percent decline in profits reported by the top 1,000 in 1981. From P2,386.935 million, the combined net income of the group plummeted to an all-time low of P918 million last year. This was 13.47 percent less than the P1,060.889 million combined profits of the top 1,000 in 1968 when BUSINESS DAY first came out with the ranking.

The biggest profit of the top 1,000 was recorded in 1980 at P5,661.648 million.

The combined gross revenue of the group totaled P237,017.728 million, 11.78 percent more than the previous year's P212,030.52 million. This increase, however, was also lower than the 16.07 percent improvement posted by the top 1,000 in 1981.

CSO: 4200/707

BALANCE OF PAYMENTS GAP REPORTED

Manila PHILIPPINES DAILY EXPRESS in English 9 Jul 83 p 10

[Text]

THE COUNTRY'S balance of payments (BOP) deficit reached \$562 million at the end of June because of the country's "very disappointing" economic performance during the first semester.

The first semester BOP deficit, according to CB Gov. Jaime Laya, was much higher than earlier estimates.

Monetary officials had projected a first-semester deficit of less than \$300 million.

Laya predicted however that the deficit for 1983 would be contained at about \$800 million.

In 1982, the deficit reached a record \$1.1 billion.

THE reduction in the projected BOP deficit this year is possible because of recent measures adopted

by the government to keep the economy in shape.

Such measures include the adjustment of the exchange rate of the peso, suspension of the five major industrial projects, slowdown in the growth of domestic credit, reduction of short-term foreign borrowings and a cut in the national budget.

LAYA

Monetary officials are optimistic of improved economic performance during the second semester. In fact, they say prospects of recovery are bright because of economic reforms, specifically the structural adjustment program, adopted by the government to stabilize the economy.

Also, prices of the country's traditional exports have shown significant improvement in the world market during the past months.

CSO: 4200/704

PHILIPPINES

TEAMS FORMED TO WATCH PRICES

Manila PHILIPPINES DAILY EXPRESS in English 9 Jul 83 pp 1, 6

[Text] President Marcos ordered yesterday the creation of special PC and justice ministry teams to go after hoarders and price manipulators of prime commodities.

He also ordered local governments to monitor prices of prime commodities and report violations to the Price Stabilization Council (PSC).

The President, in his order, said that traders and manufacturers should refrain from taking undue advantage of the prevailing situation and should instead extend their support and cooperation to the efforts to maintain prices at reasonable levels.

Local food manufacturers pledged yesterday to postpone increases in the prices of their food products for at least four months. Any increases after this time, they said, would be minimal.

The food industries made the pledge in a meeting with government officials led by Trade and Industry Minister Roberto V. Ongpin, chairman of the Special Presidential Committee coordinating the price adjustments.

They said they have enough raw materials and finished products to hold old prices for four to five months.

Earlier reports said the prices of commodities, particularly food items, would go up because of the increases in the retail prices of gasoline and other oil products as a result of the devaluation of the peso to P11 to \$1.

He said the export earnings of the food industry will be enough to cover the lower domestic sales and still give the industry a profit.

He also said that because the country is in peak fish season, fish prices should be at a low.

He noted, too, that several price-controlled food items, like milk and rice, have prices lower than the authorized ceilings.

CSO: 4200/704

EXPORTS OF NONTRADITIONAL COCONUT PRODUCTS INCREASE

Manila BULLETIN TODAY in English 27 Jun 83 p 28

[Text]

Export volume and value of non-traditional coconut products during the past five months grew by 78 and 159 per cent, respectively, compared to the same period last year, the Philippine Coconut Authority (PCA) reported.

The PCA said that from January to May this year, export volume of non-traditional coconut products reached 14,745 metric tons or 6,457 metric tons more than the 8,288 metric tons recorded during the same period last year.

Value-wise, the export receipts during the same period in review increased from

\$4.4 million to \$11.09 million.

Among the non-traditional coconut products, coco-chemicals posted significant volume gains, namely: fatty alcohol, (96 per cent); coconut methyl ester (50 per cent); and crude glycerine (22 per cent).

The improvement can be traced to the increments in the shipments of coco shell powder, coco methyl ester, coco chips and coco cream powder.

Even for the month of May alone, 22 per cent and 119 per cent increases in volume and value, respectively, were recorded compared to the same

month last year.

The volume increased from 1,766 metric tons to 2,160 metric tons and the value from \$850,852 to \$1.86 million.

The PCA said that the biggest recipients and importers of Philippine coconut exports during the period in review were Western Europe, United States and Canada.

Earlier, PCA Chairman Rolando de la Cuesta said that the strategy is to look into export markets other than the traditional ones and study the possibility of processing the traditional coconut products into finished products.

CSO: 4200/680

DETAINEES STAGE HUNGER STRIKE

Manila BULLETIN TODAY in English 1 Jul 83 p 23

[Article by Romeo C. Chan]

[Text]

DAVAO CITY — Political detainees at the PC compound here, joined in by some 200 delegates to the 5th Mindanao-Sulu pastoral conference (MSPC) meeting in this city, were reported to have staged a hunger strike to dramatize their demands for reforms.

But Col. Andres Superable, Davao Metro District commander, said the so-called fasting and the demands for jail reforms are part of the plan of the detainees to embarrass the government.

In support of the detainees, the MSPC participants earlier addressed a letter to President Marcos and Defense Minister Juan Ponce Enrile during their meeting at the Victorio beach house last June 24-25 pointing out that they had reviewed the demands of the detainees.

They said that the detainees' demands were valid because they per-

tain to "their rights as human beings and as detainees."

The demands included the granting of two-hours physical exercise and exposure to sunlight for detainees, regular health service, free visit of relatives and friends, access to legal counsel and permission for detainees to engage in income-generating activities.

The detainees also demand "better food, proper spending of funds for prisoners; release of prisoners who have serious physical and mental disorders as well as those below 18 years old provided they are placed under the custody of relatives or agencies, etc."

Superable said in a press statement that some of the demands have been undertaken by his command except for a few which were beyond his capabilities.

Superable said that the two-hour exercise and ex-

posure to sunlight is part of the program of the detainees but the time had to be reduced after the incarceration of Carl Gaspar, Volker Schmidt, Fr. Tison and a certain Arnejo, who were all charged with subversion cases, because the four detainees converted the periods as teach-in hours.

He said that regular health services are conducted every Wednesday and that relatives and visitors are allowed to see the detainees provided proper security measures are observed.

Food given to the detainees is adequately varied for nutrition purposes at P6 a day each, Superable said. He also denied any incident on sexual abuses on women detainees but admitted having assisted Gilda Narciso, a woman detainee to pinpoint and charge before the court her alleged sexual attackers.

CSO: 4200/680

LABOR GROUPS SEEK WAGE INCREASES

Manila PHILIPPINES DAILY EXPRESS in English 26 Jun 83 pp 1, 6

[Article by Yvonne Chua]

[Excerpt] Organized labor and consumer groups sought yesterday wage increases to meet the rise in prices resulting from the abolition of subsidies on basic commodities, new fuel price increases, and the peso devaluation.

The Trade Union Congress of the Philippines demanded increase of P6.82 a day for workers in Metro Manila, and P5.48 for employees in the provinces.

Ten consumer and other groups asked for an automatic wage adjustment. They also sought the lowering of prices of gasoline and other petroleum products after the abolition of the Consumer Price Equalization Fund.

The groups include Parenting for Peace and Justice, Church-based Consumer Movement, Citizens' Alliance for Consumer Protection, Philippine Nurses Association, Youth for Nationalism and Democracy, League of Filipino Students, Manggagawa Para sa Kalayaan ng Bayan, Pambansang Samahan ng mga TsUPER at Operator Nationwide, Alliance of Concerned Teachers, and Alyansa ng mga Maralita.

During a meeting convened by acting Labor Minister Carmelo C. Noriel, labor and management representatives failed to agree on the amount of a possible wage increase.

Management representatives cautioned against putting too much burden on business enterprises which, they said, may be forced to close down as a result of the additional costs.

Ernesto F. Herrera, TUCP secretary-general, said the initial wage increase demands will enable workers to restore the purchasing power of their daily earnings, which were last adjusted in 1981.

The TUCP calls for a minimum daily wage, including legislated allowances, of P38.67 for Metro Manila workers; P36.24 for commercial and industrial workers in the provinces; P30.83 for agricultural plantation workers; and P23.17 for agricultural non-plantation workers.

The demanded increase is, on the average, 18.7 percent more than the existing levels and is realistic, Herrera said, when compared to the increase in prices of 183.7 in Metro Manila, and 180.4 percent in the provinces since March 1981.

If workers were to ask for full protection of the buying power of their earnings, the demands would be P11.65 more for Metro Manila workers; P10.01 for provincial workers; P8.52 for agricultural plantation workers; and P6.40 for non-plantation workers, Herrera said.

CSO: 4200/679

PHILIPPINES

OPLÉ SAYS WAGE HIKE LIKELY

Manila PHILIPPINES DAILY EXPRESS in English 28 Jun 83 pp 1, 6

[Article by Jaime Reyes]

[Text] The government will authorize wage increases as soon as gasoline prices are increased, Labor Minister Blas F. Ople said yesterday.

Ople said, however, that the amount of the wage increases would depend mainly on the new gasoline prices and on other data, usually prices of selected goods and services composing the consumer price index.

He said he will also convene a meeting of the National Wages Council (NWC) to take up the wages issue as soon as other government agencies submit data on the impact of the devaluation of the peso to P11 to the US dollar.

The NWC, which Ople heads, is composed of representatives of labor, management and government.

Organized labor, through the Trade Union Congress of the Philippines, had sought a P6.82 daily wage increase for workers in Metro Manila, and P5.48 in other areas to offset the effects of the peso devaluation.

But the Philippine Chamber of Commerce and Industry (PCCI) warned yesterday that unrealistic wage increases at this time could result in serious economic dislocation.

Ople, who returned the other day from Geneva after attending the annual International Labor Conference, said TUCP officials had expressed concern over the effect of rising prices on real wages and sought a review of existing wage levels. He said he conveyed in turn to President Marcos the concern of the labor leaders while he was in Geneva.

Acting PCCI president Ceferino Follosco, said many of the association members will have to resort to either mass layoffs or stoppage of operations if wages are suddenly increased beyond capacity of the firms to pay.

He said the industries that will have to probably resort to these actions are manufacturers of goods covered by price control such as flour, mixed

food, canned milk, canned fish, pork cuts, chicken, eggs and school supplies such as pads, paper, notebooks and pencils.

He said labor-intensive producers like cottage industries and many of small- and medium-scale industries are financially hard-up and cannot grant any unreasonable increase in minimum wages.

The TUCP had said that it would oppose any move of employers to seek exemption from payment of a new wage increases.

Ernesto Herrera, TUCP general-secretary, recalled that employers had always asked for exemption from payment of wage raises in exchange for what he called "reluctant agreement of management for new wage raises."

He said the wage increases asked by labor would only cover lost purchasing power of the peso in the past two years and does not include the expected new round of price increases following the peso devaluation.

The wage hikes, he said, would not affect employers since labor costs eat up less than five percent of their earnings.

CSO: 4200/679

CABINET SPLIT ON WAGE HIKE

Manila PHILIPPINES DAILY EXPRESS in English 1 Jul 83 pp 1, 6

[Article by Jaime Reyes]

[Text] Cabinet members are divided on the form of wage increase to be granted to workers to enable employees to absorb the impending round of price increases as a result of the devaluation of the peso and fuel price increase.

Economic ministers, sources said, want an increase in minimum daily wage while labor Minister Blas F. Ople wants a wage raise that would be more than an increase in minimum wage to benefit more employees.

The reason cited by the economic ministers was that the effect of an increase in minimum wage on inflation would be less compared to an across-the-board increase like a raise in living allowance.

The Cabinet members had discussed in their meetings a wage increase ranging from P2.50 to P3.50 a day to enable the workers to absorb on the impending increase in prices based on computations of the National Economic and Development Authority.

On the other hand, computations of the Ministry of Labor and Employment showed a P2-P4 wage increase to offset the price increases.

Sources said increase in minimum wage would benefit 1.8 million or 25 percent of the 7.3 million salaried workers while an increase in living allowance would affect 6.4 million or 90 percent of the total salaried employees.

The MOLE has not finalized its position on the issue because it is waiting the new fuel price increase.

During separate consultation meetings called by Ople the other day, organized labor said it would settle for an across-the-board increase (like in living allowance) to an increase in minimum wage in the adjustment of wages because the former would benefit more employees.

Officials of the Trade Union Congress of the Philippines said the wage increase should restore the lost purchasing power in the last two years and cope with the increase in prices as a result of the new fuel price increase.

On the other hand, the Employers Confederation of the Philippines opposed an across-the-board increase as this would have a greater impact on inflation.

The ECOP proposed that the government instead authorize an increase in minimum wage and this should be done on an industry-to-industry basis, considering the particular conditions prevailing in each industry.

The wage increase effectivity, the ECOP said, must be staggered to prevent dislocation of private companies to enable them to comply with long-term commitments, particularly on exports.

Ople said he expects to convene the National Wages Council, which he heads, to a meeting early next week to discuss the wage issue after the Cabinet meeting tomorrow Leyte. [as published]

CSO: 4200/679

DOMESTIC SECTOR DEVELOPMENTS

Manila BUSINESS DAY in English 27 Jun 83 pp 28-30

[Text]

A. Monetary and Credit Policy

Monetary and credit policy in the first quarter of 1983 continued to allow for some expansion in money supply and domestic credits. At the same time, however, the expansion in the net domestic assets of the banking system was carefully regulated, in support of efforts to limit the deficit in the overall balance of payments to the targetted level. In line with the programmed reduction in the government budgetary deficit, a corresponding reduction in government borrowings was registered, thus making available more funds for the requirements of the private sector. Given the projected rates for output and price increases, monetary and credit targets for the quarter were generally achieved, consistent with the levels set in the Financial and Economic Program in 1983.

B. Domestic Liquidity

As of the end of March, total domestic

liquidity (M_3) stood at P96.7 billion, a level 1.5% higher than that obtaining in December 1982. Based on its year-ago level of P85.5 billion, total domestic liquidity reflected an annual expansion of 13.2%.

Total domestic liquidity consisted of: money supply, 22.9%; quasi-money (savings and time deposits), 58.1% and deposit substitutes, 19.1%. In contrast to money supply (M_1) which slightly declined by 0.7%, quasi-money and deposit substitutes experienced annual growth rates of 25.4% and 0.4%, respectively. As of the end of the quarter, money supply (M_1) amounted to P22.2 billion; quasi-money, P56.2 billion; and deposit substitutes, P18.4 billion.

The contraction in money supply during the quarter may be attributed to external transactions which continued to siphon off funds from the system as the balance of payments ended in deficit. The annual expansion in currency in

circulation of P1.6 billion (15.3%) was not sufficient to offset the P1.8 billion (14.8%) contraction in demand deposits. The expansion in quasi-money reflected a positive response to the lifting of administrative ceilings on interest rates and the deceleration of inflation rates since 1980.

C. Net Domestic Assets

As of end-March 1983, net domestic assets (NDA) of the monetary system reached P122.0 billion, representing a growth of 4.2% over the December 1982 level and 21.6% over the March 1982 level. The expansion in NDA during the quarter was within the limits set in the Financial and Economic Program for 1983.

Net domestic assets of the deposit money banks amounted to P97.5 billion and comprised 79.9% of the total while that of the Central Bank amounted to P24.5 billion or 20.1% of the total. Although forming

the smaller portion, NDA of the Central Bank expanded at a faster rate of 33.6% in March 1983 from the same month in 1982 as against a growth of 19% for NDA of the deposit money banks.

D. Domestic Credits

Domestic credits rose by P22.2 billion or by 18.5% over the corresponding level a year ago to reach an outstanding level of P142.3 billion as of March 1983. The growth in domestic credits was higher than the indicative legal ceiling of 15% but lower than programmed limits for the quarter.

1. *Users of Credit.* Of the domestic credit expansion since March 1982, P6.6 billion was utilized by the public sector to finance part of its budgetary deficit during the period. For the first three months of 1983, however, public sector credits amounted to only P645.9 million, less than half of the expansion during the same period in 1982, the budget deficit during the

first quarter of 1983 being substantially lower than that during the corresponding period last year. On the other hand, private sector credits accounted for P15.7 billion of the increase over the one-year period and posted a growth of 15%. The expansion in private sector credits during the quarter was largely in the form of loans granted by the deposit money banks. The allocation of credit between the private and public sectors during the quarter reflected present policy to reduce government borrowings and thereby increase the flow of credits to productive investments in the private sector.

2. *Sources of Credit.* Deposit money banks remained the principal source of domestic credits, accounting for approximately P125.0 billion or about 87.8% of

total credits outstanding as of the end of the first quarter. This represented an increase of P20.4 billion or 19.5% over the level obtaining for March 1982.

Deposit money banks provided more than half of the total public sector credits during the first quarter of 1983, mostly in the form of holdings of securities of the National Government and loans to semi-government entities. They were also the main provider of the credits to the private sector, accounting for more than 90% of total private credits, largely in the form of loans.

Meanwhile, the Central Bank accounted for 12.2% or P17.4 billion of the total credits outstanding as of end-March 1983 which represented an increase of 11.9% from the previous year's first quarter level.

E. Credit Operations of the Central Bank

The Central Bank credit portfolio as of end-March 1983 amounted to P48.3 billion, consisting of P41.1 billion loans and advances and P7.1 billion holdings of government securities. This aggregate level represented an expansion of P813 million or 1.7% from the end-December 1982 level, arising solely from the Central Bank's lending operations. On the other hand, government securities held by the Central Bank dropped by P706 million. On a yearly basis, the total credit portfolio of the Central Bank went up by P6.7 billion or 16.2%.

The growth in credits of the Central Bank was attributed to increased lending under the consolidated foreign borrowings program which rose by P1.8 billion or 12.6%

and overdraft loans which increased by P275 million from P2 million in December 1982. Of the total loan availments during the first quarter of 1983, P23 billion came under rediscounting, P12.6 billion of which was utilized by the commercial banks mostly for financing exports; P3.7 billion, by the rural banks; P2.5 billion, by the National Government in the form of budgetary loans; and P2.4 billion by semi-government entities.

Transactions in government securities placed the Central Bank in a net seller position by P706 million as sales and redemptions of Treasury Notes, Treasury Bonds, and Treasury Bills exceeded purchases of other government securities during the period.

On the other hand, Central Bank Certificates of Indebtedness (CBCIs) dropped by P752 million

CONSUMER PRICE INDEX IN THE PHILIPPINES
(1978 = 100)

Commodity Group	First Quarter		Change First Quarter 1983/1982
	1983	1982	
All Items	179.4	168.3	6.6
Food, Beverages and Tobacco	165.4	158.9	4.1
Non-Food	198.8	181.2	9.7
Clothing	185.8	171.5	8.3
Housing & Repairs	194.5	174.2	11.7
Fuel, Light and Water	256.9	230.5	11.5
Services	202.9	185.7	9.2
Miscellaneous	173.1	160.8	7.6

Source: National Census and Statistics Office

to P7.4 billion, as a result of the phase down of these securities in favor of Treasury issues in line with efforts to develop and rationalize the government securities market. Likewise, swap operations declined slightly by \$20.3 million from \$1,397.7 million in December 1982 to \$1,377.4 million in March 1983.

F. Interest Rates

1. *Prime Rates.* Prime rates quoted by commercial and expanded commercial banks as of end-March 1983 remained essentially unchanged from January levels when the prime rate was first implemented. The modal rate, quoted by 29 out of 35 banks (83%) remained at 18% during the first quarter. The simple average prime rate, on the other hand, declined to 17.937% as of end-March 1983 from 18.031% on January 17, 1983. Statistical measures of dispersion indicated clustering of prime rates during the quarter, with bank spreads narrowing since January 17, and banks opting to improve their overall rates of return through collateral business obtained from their relationships with prime clientele.

2. *Manila Reference Rate.* The Manila Reference Rates (MRRs) for various interest periods (60 days, 90 days, 180 days and 731 days) also gave indications that interest rates have stabilized. In March 1983, the weighted average reference rate for 60-day maturities was 14-1/16%;

for 90 days, 14-3/4%; for 180 days, 15-3/16%; and for 731 days, 15%. Compared with levels obtaining in December 1982, the corresponding weighted average interest rates were 14-5/16%, 14-1/2%, 16-1/8% and 16%.

3. *Real Interest Rates on Deposit and Money Market Instruments.* The deregulation of interest rates together with efforts to hold down inflation have improved the level of real interest rates on bank deposits and money market instruments. From December 1982 to March 1983, real interest rates on savings deposits rose from 1.27% to 3.01%; on time deposits covering all maturities, from 6.37% to 7.60%; and on money market instruments, from 7.30% to 7.44%. Compared to the first quarter in 1982, the average real interest rate on savings deposits increased from a negative 0.72 to a positive 3.01%; for time deposits of all maturities, from 5.43% to 7.60%; and for money market instruments, from 3.94% to 7.25%.

G. Money and Capital Markets

1. *Money Markets.* The new market rules which were designed as safeguards to prevent the recurrence of the 1981 financial crisis were implemented during the first quarter. Although this move was initially expected to slow down money market activities, transactions during the quarter exceeded the level registered in October-December 1982 by

4.4% and amounted to P123.2 billion. The increased money market funds were also generally available at lower costs as the weighted average interest rates (WAIRs) for these placements settled at 14.046% compared to 14.251% in October-December 1982. Promissory notes totalling P50.6 billion comprised the bulk or 41.1% of total money market placements with interest rates on the average at 14.720%, down from 14.936% in the last quarter of 1982.

Total transactions during the first quarter of 1983 also showed a 16.4% increase over the P105.8 billion total transactions registered during the same period last year. The weighted average interest rate (WAIR) for the quarter showed a general decline from the 14.536% registered during the first quarter of 1982.

2. *Stock Market.* The stock market was bullish during the first quarter of 1983, reflecting the impact of signals pointing to the anticipated world economic recovery, among which were the improving world prices for metals.

Stocks traded during the quarter totalled 11.6 billion shares valued at P1.9 billion, both marking significant increases of 19.9%. At these levels, stocks were more than six-fold the aggregate shares and values transacted during the fourth quarter of 1982. The generally favorable economic conditions were most felt by commercial and industrial issues as these posted impressive gains

during the quarter (17 shares traded and valued at P132 million as of end-December 1982 rose to 90 shares amounting to P1.4 billion as of end-March 1983). Mining issues also benefited from the improved world market for metals and registered the second highest increment with the value of stocks traded increasing by more than four fold. Oil issues traded came in third, with gains in value of stocks of 34.7%.

H. Financial System

The most important development in the financial market during the first quarter was the lifting of the remaining ceilings on short-term interest rates together with the introduction of the prime rate system last January, which marked a new regime of deregulated interest rates in the country. Additionally, the institution of safeguards in the money market and improvements and innovations in rural banking were also implemented. The relaxation of lending rules requiring rural banks to use counterpart capital funds exclusively for food production financing was expected to result in improved profitability and greater food production.

At the end of the first quarter, financial institutions numbered 5,572, showing an increment of only two from the total number registered as of December 1982. Behind this apparently minimal increase, however, were changes in the mix of financial institutions as follows: the addition of one commercial bank

EXCHANGE RATES OF THE PESO¹
January 1982-March 1983, End of Month
(In Pesos Per Unit of Foreign Currency)

Period	US Dollar	Japanese Yen	Deutsche Mark	Pound Sterling	Swiss Franc	French Franc	Hongkong Dollar	Singapore Dollar	South Korean Won	New Taiwan Dollar
1982										
Jan.	8.2750	.0358	3.5932	15.5073	4.4536	1.3976	1.4141	3.9860	.01209	.2259
Feb.	8.3100	.0351	3.4968	15.2031	4.4126	1.3728	1.4102	3.9455	.01214	.2252
Mar.	8.3510	.0338	3.4589	14.8856	4.3141	1.3369	1.4330	3.9258	.01220	.2263
Apr.	8.4000	.0357	3.5935	15.0528	4.3041	1.3776	1.4456	3.9950	.01205	.2368
May	8.4300	.0346	3.5911	15.0601	4.2251	1.3766	1.4676	4.0396	.01210	.2259
June	8.4700	.0332	3.4557	14.7589	4.0461	1.2450	1.4314	3.9283	.01215	.2269
July	8.5000	.0330	3.4467	14.7347	4.0567	1.2401	1.4390	3.9593	.01196	.2274
Aug.	8.5870	.0328	3.4210	14.6794	4.0084	1.2253	1.4182	3.9732	.01202	.2301
Sept.	8.6890	.0322	3.4356	14.7495	4.0038	1.2181	1.4006	3.9856	.01216	.2328
Oct.	8.8320	.0320	3.4656	14.8686	4.0123	1.2258	1.2885	4.0053	.01236	.2296
Nov.	8.9280	.0357	3.5747	14.2580	4.1666	1.2642	1.3418	4.0488	.01250	.2321
Dec.	9.1710	.0391	3.8710	14.9395	4.5946	1.3692	1.4169	4.3360	.01284	.2384
1983										
Jan.	9.3910	.0396	3.8643	14.4527	4.7302	1.3645	1.4340	4.5490	.01296	.2432
Feb.	9.5190	.0405	3.9456	14.5450	4.6909	1.3907	1.4421	4.6119	.01314	.2474
Mar.	9.7410	.0406	4.0084	14.1780	4.6795	1.3374	1.4484	4.6717	.01290	.2532

¹ An increase indicates a peso depreciation while a decrease indicates a peso appreciation.

branches and agencies, one thrift bank branch, four private development bank branches and agencies, and two stock savings and loan association branches and agencies, and two mergers of rural banks, the end result of which was a reduction in the total number of rural bank head offices. The latter reflected policies embodied in the uni-banking reforms which sought to encourage mergers for greater efficiency and economies of scale.

Total paid-up capital of the financial system expanded by 3.4% during the first quarter of 1983, to reach an outstanding level of P26.4 billion. Of the total, P19.9 billion (75.3%) was accounted for by banks, while P6.5 billion (24.7%) came from non-bank financial institutions. Within the banking system, commercial banks were expectedly the most heavily capitalized, with an aggregate of P10,417.3 million (52.5%), up from P10,437.4 million (40.8%) as of December 31, 1982.

Since end-December 1982, the rate of return on net worth has been maintained at 6.56%.

With total deposit liabilities of P69,551.4 million as of March 1983, commercial banks' required reserves reached P9,586.3 million. Available reserves of commercial banks amounted to P9,395.9 million and the deficiency, therefore, aggregated P190.4 million. In contrast, for end-December 1982, required reserves of commercial banks were P9,658.5 million and

with available reserves at P9,820.7 million. As of a comparable date in 1982, the reserve position of commercial banks also showed a deficiency of P115.7 million with available reserve at P8,466 million and required reserves at P8,582.1 million.

I. Savings in Banks

An additional P3 billion in the form of peso savings and time deposits flowed into banks during the first quarter of 1983 which brought total savings and time deposits in banks to P82.8 billion. This level represented a growth of 3.8% over the end-1982 level and 25.6% over that a year earlier. The continued expansion of bank deposits reflected greater incentive to save brought about by increasing real returns on financial savings resulting from higher interest rates on deposits and lower inflation.

About 52.8% of the increase in total deposits during the quarter was accounted for by savings deposits which grew by 19.5% in March 1983 from the same period in 1982. Time deposits accounted for 47.2% of the increase but expanded at a higher rate of 34.2%. The relatively faster growth of time deposits was attributed to the higher premium offered by banks for deposits with longer maturities and intensified efforts by banks following the liberalization of rules governing promotional and other campaigns for funds in September 1982. In addition, the shift of funds away from deposit substitutes

to safer investment instruments such as time deposits, which started after the financial crisis in 1981, became more pronounced in 1982 with the gradual implementation of the new money market rules.

The weighted average interest rate (WAIR) for long-term deposits in selected samples of commercial banks was 17.294% in March 1983, slightly higher than 17.203% registered during the same period in 1982. On the other hand, the WAIRs for short-term deposits of 13.773% and for medium-term deposits of 14.626% in March 1983 were lower than the corresponding levels of 14.043% and 15.600% the year before.

As of the end of the first quarter of 1983, long-term time deposits amounted to P20.4 billion and accounted for the bulk, or 62.6% of the total time deposits in banks; short-term deposits, P10.2 billion or 31.4%, and medium-term deposits, P2.0 billion or 6%.

The distribution pattern of peso savings and time deposits among the different bank types followed a relatively stable pattern from March 1982 to March 1983, with commercial banks accounting for approximately 73.3%; thrift banks, 11.5%; specialized government banks, 11.4%; and rural banks, 3.8%. Deposits in thrift banks posted the biggest increment of 34.5% in March 1983 while those in commercial and rural banks increased by

27.2% and 20.3% respectively.

Deposits in specialized banks increased by a lower 10.6%. The growth of deposits in thrift and rural banks reflected the relative success of these banks in reaching the smallest savings units. It would seem that at the "grass-roots level," safe and convenient interest-bearing deposits have been accepted as one of the better investment alternatives, reaching out through the wide network of rural bank offices and branches strategically located in the rural areas and countryside.

J. Cash Operations of the National Government

Cash operations of the National Government reflected efforts to reduce the budgetary deficit. During the first quarter, the budgetary cash deficit was P1.7 billion, representing a 63% decrease from the same period last year. Total expenditures amounted to P12.6 billion, a decrease of 8% from the first quarter of last year. On the other hand, total revenues reached P10.9 billion, registering an increase of 19.8% from the same period last year.

The decrease in expenditures from the same period last year was accounted for by the corresponding 45.3% reduction in capital outlays which amounted to P3 billion, while current expenditures increased by 16.7% to reach P9.1 billion. Also classified as expenditures, National

Government lending to government corporations, which amounted to P500 million, declined by 16.7% from the same quarter last year. Much of the decline in government expenditures was due to a decrease in equity investments in government-owned or -controlled corporations.

The growth in total revenues from the first quarter of last year was attributed to the increase in fees and charges on government services and the newly imposed 3% across-the-board increase

in import duties together with the advance collection of import duties.

The reduction in the budgetary deficit resulted in a corresponding decline in domestic borrowings of the National Government. To this effect, gross domestic borrowings decreased by 40.4% from the first quarter of 1982 to reach P1.5 billion in the first quarter of 1983, supporting the policy of reducing resort to the monetary system for the financing requirements of the government so as to ensure greater avail-

ability of credit for the private sector. On the other hand, foreign borrowings increased slightly by 20.7%, amounting to P0.2 billion for the first quarter.

K. Prices

In the non-food group, average prices moderated to 9.7% in the first quarter of 1983 from 12.3% in the same period in 1982, with all commodities registering lower rates of increment with the exception of miscellaneous items. The smaller price increase in con-

struction materials pulled down the growth in housing and repairs to 11.7% from 15.9% in the preceding period largely because of lower government expenditures on construction. Fuel, light and water rates also exhibited a slower increase, despite the upward revision of electric rates a year earlier, on account of the stable prices of the heavily-weighted petroleum products. Likewise, the price increases on clothing and service fees were down in relation to the preceding year's developments.

OVERALL DEFICIT DROPS AS TRADE IMPROVES

Manila BUSINESS DAY in English 27 Jun 83 pp 26-28

[Text]

A. Balance of Payments

Preliminary estimates of the balance of payments showed substantial improvement during the first quarter of 1983 with the overall deficit going down to \$343 million compared to \$534 million during the same period in 1982. The current account imbalance narrowed by 15.7% to \$719 million as the net terms of trade improved, exports picked up and international interest rates declined from the previous year. Non-monetary capital transactions resulted in a net inflow of \$275 million and, in addition, gold monetization amounted to \$101 million.

1. Merchandise Trade.

The country's trade performance in the first quarter of 1983 was encouraging. As the global economy began to show signs of recovery from the depths of the recession and the world geared towards a regime of more reasonable crude oil prices, the country's external trade slowly gathered momentum.

Total Philippine trade during the period January-March 1983 amounted to \$3,347 million, representing an increase of 4.3% over the \$3,208 million registered during the same period last year. Exports rose significantly by 6.1% from \$1,269 million to \$1,347 million in contrast with a decline of 20.3% in the first quarter of 1982. On the other hand, imports grew by 3.1% from \$1,939 million to \$2,000 million. The balance of trade, while remaining negative, showed an improvement. The trade deficit at the end of the first quarter stood at \$653 million, compared to \$670 million recorded at the close of the same period in 1982.

The net terms of trade also improved from 55.2 index points to 57.3 (1972 = 100) or an increase of about 3.8% due to better prices of export vis-a-vis decelerating import prices, including a fall in the price of crude petroleum. The purchasing power of exports rose by 9.6% from 177.3 to 128.6.

Traditional exports, with the sole exception of coconut products, generally fared well as volume transactions on copper concentrates, lumber, sugar and plywood picked up. The value of traditional exports improved slightly by about 1% to \$646 million. Non-traditional manufactured exports as a group also increased by 6.5%, with garments and electronics exports spearheading the drive with earnings of about \$160 million and \$248 million, respectively. Non-traditional unmanufactured exports, including bananas, made an impressive start by posting a growth rate of 26.3%.

Imports, on the other hand, continued to rise but at a perceptibly slower rate, reflecting the initial effects of the various measures recently taken by the government to hold down imports to a minimum as well as the still sluggish pace of economic activity.

Imports of capital goods and raw materials and intermediate goods declined substantially by

8.2% and 6.2% to \$427 million and \$728 million, respectively. Together, these comprised 57.8% of total imports. However, imports of petroleum crude rose by 35.7%, reaching a value of about \$578 million or 28.9% of aggregate imports despite a drop in prices. The increase could be traced to the bigger volume of arrivals in January, a portion of which had been originally scheduled for delivery in late 1982. Consumer goods imports, particularly dairy products, likewise increased by 7.9% to \$177 million and made up 8.9% of the total.

2. Non-merchandise Trade and Transfers Account. Continued growth in the inward remittances of the salaries of overseas workers and seamen, higher tourism income and larger inflows of foreign exchange to cover operating expenses of multinationals contributed to the decline in the net non-merchandise trade outflow. Remittances of Filipino workers abroad went up by

PHILIPPINE EXTERNAL DEBT ¹ (In Million US Dollars)					
Sector	Amount Outstanding 12-31-82	Transactions January - March 1983			Amount Outstanding 3-21-83
		Availments	Repayments	Adjustment ²	
Total	12,959.0	829.2	346.4	78.6	13,520.4
Public Sector	7,676.9	609.7	216.5	(75.5)	7,994.6
National Govt.	3,889.2	313.8	106.1	183.1	4,280.0
IMF Facilities	1,157.1	260.4	55.7	1.3	1,363.1
Others ³	2,732.1	53.4	50.4	181.8	2,916.9
Local Govt.	2.1	-	-	-	2.1
Govt. Corp./					
Financial Insts.	3,342.5	295.9	109.5	(66.4)	3,462.5
Central Bank	443.1	-	0.9	(92.2) ⁴	250.0
Private Sector	5,282.1	219.5	129.9	154.1	5,525.8
Directly Con- tracted	3,176.9	152.6	101.4	142.5	3,370.6
Public Loans					
Relent to the Private Sector	2,105.2	66.9	28.5	11.6	2,155.2
National Govt. thru Govt.					
Financial Insts.	1,043.7	14.0	13.0	11.3	1,056.0
Central Bank					
Loans	1,061.5	52.9	15.5	0.3	1,099.2
CB RB/IBRD					
Loans	38.1	2.3	2.8	1.1	38.7
CB-CFMP Loan	996.3	50.0	12.7	(1.7)	1,001.9
CB-Apex Loan	57.1	0.6	-	0.9	58.6

¹Preliminary. Excludes revolving credits and IMF allocations of SDR 116.6 million.

²Consist of prior year's delayed reports on net availments and/or repayments and reclassification of accounts adjustments.

³Excludes loans relent by the public sector to agricultural, manufacturing and export-oriented enterprises which are included in private sector external debt.

⁴Consists of loans under the Consolidated Foreign Borrowings Program which were reclassified as part of debt of the National Government and government corporations.

29.4% to \$242 million. This amount compared favorably with the \$187 million generated in 1982 and \$133 million in 1981.

To a large extent, the streamlining of institutional arrangements for the inward remittance of foreign exchange earnings of Filipino overseas workers and the involvement of more commercial banks in the remittance process accounted for this growth.

To further improve earnings from this source, the Central Bank finalized arrangements for the initial raffle draw on May 26, 1983 wherein for every \$100 surrendered by an overseas worker or any individual to a local bank, a raffle ticket would be issued which would entitle the holder to win attractive prizes.

Earnings from tourism rose to \$119 million from \$111 million or by

7.2% as the country undertook an intensified marketing campaign abroad to sell the Philippines as a tourist destination and as a convention center. This led to a rise in the number of international conventions, seminars and meetings held in the country during the quarter. There was also a significant upturn in the inflow of foreign exchange to cover operating expenses of multinationals operating in the

country, possibly in anticipation of an economic recovery. Foreign exchange inflows from this source rose by 14.7% to \$39 million, after declining by 35.8% last year.

Interest payments rose but at a decelerated rate of 10.7% compared to 37.7% in 1982. This gain was traced to the larger amount of foreign debt incurred to finance ongoing development projects which offset the

effects of the decline in interest rates abroad. There was, however, some reduction in payments for transportation, freight and insurance.

During the same period, there was a net inward transfer of \$109 million coming mostly from private transfers, notably personal remittances.

As a result of these developments, the current account imbalance was reduced to \$719 million which was appreciably lower than the \$853 million registered in the previous year.

3. Non-Monetary Capital. Net long-term loans during the first quarter increased by 5.1% to \$287 million, the bulk of which went to vital public sector projects such as power and energy development. Net inflow of direct investments also rose by 36.1% to \$98 million, reflecting the confidence of the international community in the continued resilience and viability of the Philippine economy. Short-term capital transactions, on the other hand, resulted in a net outflow amounting to \$110 million, reflecting the conscious effort of the authorities to reduce short-term debt. In the overall, the non-monetary capital account showed a net inflow of \$275 million, financing 38.2% of the total current account deficit during the period.

The monetization of gold totalled \$101 million, a marked increase of 260.7% over the previous year's level. This was partly responsible for the substantial reduction in the overall

balance of payments deficit.

B. External Debt

1. Fixed-Term Debt. The country's outstanding fixed-term debt aggregated \$13.5 billion as of March 31, 1983, registering an increment of 4.3% or \$561.4 million over the end-1982 level of \$12,959 million. At this new level, fixed-term debt as a proportion of the projected 1983 GNP was about 34%.

Of the total fixed-term debt, \$7,994.6 million or 59.1% was accounted for by the public sector, whose debt increased by 4.1% over the level as of December 31, 1982. The expansion was attributed mainly to the loan obtained by the National Government from the International Monetary Fund (IMF) to support its economic and financial program. Among the public entities, the National Government was the biggest borrower with loans aggregating \$4,280 million, up by 10% or \$390.8 million and comprising 53.5% of total public debt.

Fixed-term borrowings of the private sector, including debt obtained under the Consolidated Foreign Borrowings Program (CFBP), rose by 4.6% to reach \$5,525.8 million. Outstanding CFBP loans of the private sector amounted to \$1,001.9 million, 3.7% higher than the end-1982 level. Loans directly contracted, constituting 61% of private sector debt, grew by 6.1% to \$3,370.6 million.

Classified by maturity, about 91.8% of

loans contracted were long-term with an average repayment period of more than 14 years. Loans with repayment periods of over one to five years constituted 8.2% of debt outstanding while those with short-term maturity comprised less than 1%. About 59% of fixed-term debt outstanding carried fixed interest to floating interest rates with an average spread of 1% over LIBOR/US prime rate.

2. Revolving Credits. Revolving credits outstanding as of end-December 1982 stood at \$4,386 million, 9.2% above the September 1982 figure. Compared with the year-ago level of \$3,454 million, revolving credits grew at a rate of 27%. The end-December figures are the latest available due to the length of time it takes to fully take into account bank reports on repayments of credits under open account (O/A) and document against acceptance (D/A) arrangements. A significant portion of the outstanding revolving debt was related to oil trade financing, constituting 41% of the aggregate level.

3. Debt Service Ratio. The debt service ratio for 1983 is estimated at 19.6%. This is 0.2 percentage point higher than the ratio in 1982 notwithstanding the decline in international interest rates mainly because of anticipated foreign borrowings during the year and the significant fall in foreign exchange receipts in 1982 due to the global recession. However, the estimated ratio is still within the 20% statutory limit pres-

cribed under R.A. 6142, as amended.

C. International Reserve

As of end-March 1983, the Central Bank gross international reserve stood at \$2,433 million, lower by 4.3% or \$109.7 million than the end-December 1982 level. The reserve continued to be equivalent to more than three months' import requirements.

During the quarter, the Central Bank maintained its policy of keeping at all times an adequate international reserve in a composite asset and maturity mix that would assure the Bank of maximum safety, liquidity and profitability.

D. Exchange Rate

The peso depreciated vis-a-vis the US dollar by 6.2% from P9.1710 at end-1982 to P9.7410 at end-March 1983. Underlying the peso's weakness were the US dollar's continued sharp rise against leading currencies in major foreign exchange markets and the persistent deficit in the balance of payments resulting from weak external demand and high debt service burden. The dollar strengthened mainly on expectations of a strong American economic recovery following the oil price cut. Beliefs that US interest rates would remain firm as well as strains in the European Monetary System (EMS) also contributed to the dollar's strength. Towards the end of the quarter, mounting pressure on some European currencies such as the deutsche mark to revalue and for

others such as the French franc to devalue brought about a realignment in the EMS. The US dollar benefited from the realignment as the market shifted away from weak European currencies to the dollar.

The monetary authorities continued to pursue a flexible exchange rate policy which allowed the peso to freely fluctuate and seek its own market level. The peso appreciated against the pound sterling and the French franc by 5.1 and 2.3%, respectively, while depreciating against other currencies that performed better vis-a-vis the US dollar. The peso registered declines against the following currencies: the Japanese yen (by 3.8%), the deutsche mark (by 3.5%), the Swiss franc (by 1.8%), the Hong Kong dollar (by 2.2%), the Singapore dollar (by 7.7%), the South Korean won (by 0.5%) and the

New Taiwan dollar (by 6.2%).

The peso's nominal effective exchange rate (NEER) which is the peso's average exchange value against a total trade-weighted basket of currencies, depreciated by 4% in March 1983 compared to the end-1982 rate. On the other hand, the real effective exchange rate (REER), i.e., the nominal rate deflated by relative price indices of major trading partners, remained steady from end-1981 to end-1982 (the latest available, due to difficulties in obtaining inflation rate data for other countries). The relatively stable real effective exchange rate level could be attributed to a moderation in domestic inflation.

E. International Economic Cooperation

The year opened with several important events

in international economic cooperation highlighted by meetings of the UNCTAD, GATT and ASEAN in all of which the Philippines actively participated.

In preparation for UNCTAD VI which will be held in Belgrade in June 1983, the Asian Group of the Group of 77 met in Baghdad in February and adopted the basic position of pursuing a package of monetary and financial trade policies and measures designed to bring about world economic recovery and accelerated development of developing countries.

The GATT Council, in its first meeting this year, likewise adopted a first set of measures to implement the decisions taken at the GATT Ministerial Meeting held in November 1982. These covered such areas as trade, market access and competition and supply in agricultural products.

In ASEAN, the foreign ministers of the five member-countries and their European Community counterparts met in Bangkok in March and agreed, among others, to work together not only in improving the GATT trading system but also in stabilizing the international sugar market by adopting appropriate policies within the framework of a new international sugar agreement. On the other hand, the ASEAN Committee on Trade and Tourism (COTT) at its last meeting agreed that a 20-25% across-the-board tariff cut on items with import values of US\$1 million-US\$2.5 million be implemented effective January 1, 1983. The participation of the Philippines in these meetings was in line with the promotion and diversification of exports through international economic cooperation.

TOBACCO RESEARCH TO BENEFIT MUSLIMS

Manila BULLETIN TODAY in English 27 Jun 83 p 30

[Text]

A research project in Maguindanao and North Cotabato supported by the Philippine Tobacco Research and Training Center (PTRTC), may help strengthen the bonds that unite the country's diverse cultural communities and raise the productivity of Muslim tobacco farmers.

Being conducted by the Southern Mindanao Agricultural Research Center (SMARC), the project deals with the collection, selection and evaluation of cigar-filler tobacco cultivars in the two Mindanao provinces. Located at the University of Southern Mindanao (USM) SMARC coordinates the planning, implementation and evaluation of agricultural research in Southern Mindanao.

The project also aims to generate a package of technology on tobacco culture. The project hopes to evolve improved production and management

practices which will be recommended to tobacco farmers in the area. Tobacco is one of the most important crops raised by Muslim farmers.

"The research project will make our Muslim brothers feel they are equally important like the other Filipino tobacco farmers," said Dr. Juan Albert Soria, SMARC deputy director and research project leader. "It will also make them feel that they are being taken care of by the government."

Dr. Soria claimed that tobacco has long been cultivated in Mindanao but the performance and quality of the selections have never been studied and reported.

Already, 19 selections — 13 in Maguindanao and six in North Cotabato — have been collected from farmers' fields during the past two years.

Preliminary results showed despite seed-bed

sterilization, damping-off is the most prevalent disease of the collected selections. Frog eye was also observed although the varieties which showed the lowest and highest percentage of infection were not the same as those which showed similar degree of severity. Fusarium wilt was found to increase as the plants mature.

Dr. Soria said training is a crucial and important component of the project. "We need farmers and extensionists who could link us to the Muslim farmers," he stressed.

"The possibility of encountering some farmers who may belong to the rebel group is only a matter of establishing good relationship with them."

He also averred that when good interpersonal relationship is established, conducting field demonstrations right in the farmers' fields would not be a problem.

CSO: 4200/680

ASEAN RESEARCH SHIPS PLANNED

Manila BULLETIN TODAY in English 25 Jun 83 p 19

[Article by F. T. Flores]

[Text]

Member-countries of the Southeast Asian Nations (Asean) will build research ships which could be utilized for the exploration of seabed resources in the 200-mile economic zone.

The move is in preparation for the worldwide implementation of the International Law of the Sea by member-countries of the United Nations. More countries are expected to support the project because they would be economically benefited.

Under the maritime plan for the Asean countries, the ship will be equipped with sophisticated computers, navigational facilities, radar, detecting machine, and diving equipment. These facilities are sufficient to detect seabed minerals and other resources beneath the ocean floor.

Besides, it would be manned by competent personnel, among them, marine officers, marine biologists, mining experts, geologists, computer technicians, experienced navigators, medical officers, and other scientists.

The project will be financed by respective governments of the community. According to the plan, \$400 million would be sufficient to cover construction cost of a 10,000 tonner research ship, including facilities and seabed equipment.

Japan, noted for its advanced technology in ship-building could assist the community in the project. It was reported that it has increased its official development assistance fund for the Asean countries whose primary objective is to improve their economy.

PHILIPPINE ECONOMY OFF TO GOOD START

Manila BUSINESS DAY in English 27 Jun 83 pp 21-24

[Text]

Encouraging signs of the country's economic recovery were evident in the substantial improvement in the balance of payments position, improving terms of trade, further moderation in the inflation rate and the decline in the budget deficit. Money supply which declined at an annual average rate of 0.7% and prices which rose at an annual average rate of 6.6%, were well below the statutory benchmarks of 15% and 10%. Domestic credits, however, expanded by 18.5%.

The Philippine economy showed an encouraging start during the first three months of 1983 as it worked for the achievement of the financial and economic targets for 1983 while pursuing its long-run strategy of structural adjustment. This was evident in the substantial improvement in the balance of payments position, improving terms of trade, further moderation in the inflation rate, and the decline in the budget deficit. Money supply which declined at an annual rate of 0.7% and prices which rose at an

annual average rate of 6.6%, were well below the statutory benchmarks of 15% and 10%. Domestic credits, however, expanded by 18.5% as the economy began gearing for recovery in response to some positive signals in the international environment.

I. SUMMARY OF MAJOR DEVELOPMENTS

A. External Sector

1. *Balance of Payments.* The balance of payments showed substantial improvement in the first quarter of 1983 with the overall deficit

going down to US\$343 million compared to \$634 million during the same period in 1982. The \$134 million decline in the current account deficit was to a large extent responsible for the substantial reduction in the overall balance of payments deficit.

2. *External Debt.* Outstanding fixed-term international debt of both the public and private sectors amounted to \$13,520.4 million as of March 31, 1983, equivalent to about 34% of the projected 1983 GNP. Fifty-nine percent of the total was account-

ed for by the public sector and 41% by the private sector.

3. *Debt-Service Ratio.* The debt-service ratio for 1983 is estimated at 19.6%, 0.2 percentage point higher than in 1982 despite the downturn in international interest rates. The increase is expected mainly due to still higher foreign borrowings and the significant fall in foreign exchange receipts in 1982 as a result of global recession. However, the ratio remains within the 20% statutory limit.

4. *International Reserve.* The international

BALANCE OF PAYMENTS
First Quarter 1982 & 1983
(In Million US Dollars)

Item	First Quarter	
	1983*	1982
I. Current Transactions		
A. Merchandise Trade	(653)	(670)
Exports	1,347	1,269
Imports	2,000	1,939
B. Non-Merchandise Trade	(175)	(286)
Inflow	760	660
Outflow	935	946
C. Transfers	109	103
Inflow	111	105
Outflow	2	2
Current Transactions, Total	(719)	(853)
II. Non-Monetary Capital		
D. Long-Term Loans	287	273
Inflow	569	443
Outflow	282	170
E. Direct Investments	98	72
Inflow	126	123
Outflow	28	51
F. Short-Term Capital ¹	(110)	(34)
Non-Monetary Capital, Total	275	291
G. Monetization of Gold	101	28
H. Allocation of SDRs	-	-
III. Overall Surplus (Deficit)	(343)	(534)

*Preliminary

¹Includes errors and omissions.

reserve stood at US\$2,433 million, 4.3% lower than the end-1982 level. The reserve continued to be equivalent to more than three months' import requirements.

B. Domestic Sector

1. *Domestic Liquidity.* Total domestic liquidity (M₃) amounted to P96.7 billion as of end-March 1983, slightly higher than that obtain-

ing in December 1982. Quasi-money and deposit substitutes expanded by 1.7% and 11.3%, respectively, while money supply (M₁) contracted by 5.8%. Meanwhile, year-on-year growth rates were as follows: money supply (M₁), negative 0.7%; money supply plus savings and time deposits (M₂), 16.7% and total liquidity (M₃), 13.3%.

2. *Net Domestic Assets.* As of the end of

the quarter, net domestic assets (NDA) of the monetary system stood at P122.0 billion, 4.2% and 21.6% higher than the level registered in December and March 1982, respectively. The deposit money banks accounted for much of the increase in net domestic assets during the three-month period and continued to account for the bulk of the outstanding net domestic assets.

3. *Domestic Credits.* Credits of the monetary system expanded by P3.7 billion or 2.7% during the first three months of 1983 to reach an outstanding level of P142.3 billion as of the end of March 1983. At this level, domestic credits were higher by 18.5% compared to the level a year ago. The expansion in domestic credits during the quarter was consistent with the

FESO SAVINGS AND TIME DEPOSITS IN BANKS
As of Dates Indicated
(Million Pesos)

Item	March 1983 ^P			December 1982			March 1982		
	Total	Savings	Time	Total	Savings	Time	Total	Savings	Time
A. Total	82,347.9	46,174.6	36,173.3	79,345.6	44,589.4	34,756.2	65,983.4	38,639.0	26,956.4
1. Commercial Banks	60,334.7	31,338.6	28,996.1	58,416.1	30,454.0	27,942.1	47,440.3	25,579.3	21,861.0
2. Thrift Banks	9,496.6	4,933.3	4,543.3	9,070.8	4,796.6	4,274.2	7,057.0	4,063.2	2,993.8
a. Savings and Mortgage Banks	5,078.5	2,774.8	2,303.7	4,983.1	2,763.7	2,219.4	4,161.8	2,498.5	1,663.3
b. Private Dev. Banks	2,117.6	1,003.6	1,114.0	1,908.2	922.4	985.8	1,310.8	643.9	666.9
c. Stock Savings & Loan Associations	2,300.5	1,174.9	1,125.6	2,179.5	1,110.5	1,069.0	1,584.4	920.8	663.6
3. Specialized Government Banks	9,425.0	8,043.9	1,381.1	8,884.4	7,562.2	1,322.2	8,517.5	7,388.7	1,128.8
a. Dev. Bank of the Phil.	7,509.0	6,936.3	572.7	7,033.6 ^P	6,485.0 ^P	568.6 ^P	6,739.7	6,057.9	681.8
b. Land Bank of the Philippines	1,769.6	1,081.0	688.6	1,693.8	1,056.2	637.6	1,651.8	1,317.1	334.7
c. Phil. Amanah Bank	146.4	26.6	199.8	137.0	21.0	116.0	126	13.7	112.3
4. Rural Banks	3,091.6	1,838.8	1,252.8	2,974.3	1,776.6	1,197.7	2,570.6	1,597.8	972.8
B. Growth Rate of Total Levels (Percent)									
Previous Quarter (March ¹ 1983 ÷ December 1982)	3.8	3.6	4.1						
Year ago (March 1983 ÷ March 1982)	25.6	19.5	34.2						

^P Preliminary

policy of ensuring an adequate supply of credits to productive investments in priority areas while containing inflation within manageable levels.

4. *Central Bank Credit Operations.* The Central Bank increased its domestic credit portfolio by P813 million during the first quarter of 1983, which brought the total outstanding credits of the Central Bank to P48.3 billion. This level represented a growth of 1.7% from the end-1982 level and 16.2% from that of the same month in 1982. The bulk or 85.3% were in the form of loans and advances and the remaining portion in holdings of government securities.

5. *Interest Rates.* In conjunction with the lifting of the remaining interest rate ceiling on short-term loans in January 1983, a prime rate monitoring system was introduced. Notwithstanding from to the contrary, nominal interest rates remained relatively stable during the quarter. With lower inflation rates, real interest rates on deposit and money market instruments exhibited an upward trend during the quarter.

6. *Money and Capital Markets.* New money market rules were implemented during the first quarter, positive responses to which, together with the signs of the anticipated recovery of the economy, were manifest in the quarter's performance. Total transactions during the first quarter amounted to P123.2 billion, exceeding the October-December

and January-March 1982 figures by 4.4% and 16.4%, respectively.

7. *Growth of the Financial System.* At the end of the first quarter, financial institutions numbered 5,572, showing an increment of only two from the total number registered as of December 1982. Behind this apparently minimal increase, however, were changes in the mix of financial institutions as follows: the addition of two commercial banks branches and agencies, one thrift bank branch, four private development bank branches and agencies, and two stock savings and loan association branches and agencies, and two mergers of rural banks, the end result of which was a reduction in the total number of rural bank head offices. The latter reflected policies embodied in the un-banking reforms which sought to encourage mergers for greater efficiency and economies of scale.

8. *Savings in Banks.* Peso savings and time deposits in domestic banks amounted to P82.3 billion as of the end of the first quarter, 3.8% and 25.6% higher than the levels registered in December and March 1982, respectively. The continued expansion of bank deposits reflected greater incentive to save brought about by higher real interest rates.

9. *Fiscal Operations.* Total expenditures of the National Government amounted to P12.6 billion, representing a decrease of 8.0% from the first quarter last year.

Revenue reached P10.9 billion or an increase of 19.8% from the previous year's level. As a result, the budget deficit declined from P4.6 billion in the first quarter of 1982 to P1.7 billion in the first quarter of 1983.

10. *Prices.* Consumer prices increased at a much slower pace of 6.6% during the first three months of 1983 compared to the 10.9% inflation rate of the same period in 1982. The first quarter inflation rate was significantly below the statutory benchmark of 10%.

II. POLICIES AND MEASURES

The 1983 Financial and Economic Program, which reflects in the monetary system's balance sheet the articulation of the programs and targets of the major planning and policy implementing agencies of the government, is an essentially short-term demand management program. Thus, the program is geared towards the achievement of broad targets like real GNP growth of about the same rate as in 1982, a further deceleration in the rate of inflation and a substantial improvement in the overall balance of payments position, and involves the setting of intermediate targets like total domestic credits, public sector credits and levels of new foreign borrowing approvals.

To achieve the aforementioned targets of the Financial and Economic Program for 1983 and to mitigate the impact of the global recession, additional measures were

undertaken during the first quarter of 1983. At the same time, the government continued to implement general policies of structural reform that would strengthen the foundations of the economy.

Foreign Exchange Management

1. A flexible exchange rate policy was maintained chiefly to enhance the competitiveness of the country's exports and to limit local demand for foreign currencies by raising the cost of imports and foreign borrowings. This policy has allowed small but frequent exchange rate adjustments to align the peso-dollar rate with underlying economic developments as an alternative to irregular, large and abrupt exchange rate adjustments.

2. The allowable dollar holdings of commercial banks have been reduced further to increase their lendings to local firms. At present, banks are allowed to hold dollars equivalent to 20% of their outstanding letters of credit and 30% of the export and invisible receipts coursed through them. Starting April 30, 1983, dollar holdings of commercial banks will be limited to 20% of their outstanding letters of credit and 25% of the export and invisible receipts they process. The receipts portion will subsequently be reduced by five percentage points monthly so that by September 30, 1983, banks can only have dollar holdings equal to 20% of their outstanding letters of credit.

3. In an effort to improve the inflow of

SELECTED ACCOUNTS OF THE CENTRAL BANK
As of Dates Indicated
(Million Pesos)

Item	Outstanding As Of		
	March ^P 1983	December 1982	March 1982
A. Central Bank Portfolio Credits (1+2)	48,257	47,444	42,536
1. Loans and Advances	41,146	39,627	34,139
a. Rediscounting	22,993	23,230	22,331
b. Repurchase Agreements	1,414	1,746	2,251
c. CFBP Loans	16,114	14,316	9,279
d. Apex Loans	67	55	3
e. IBRD Loans	281	278	247
f. Overdrafts	277	2	28
2. Domestic Securities	7,111	7,817	7,397
a. PW and ED Bonds	27	27	23
b. Treasury Notes	1,846	2,678	2,427
c. Treasury Bonds	4,341	4,443	4,483
d. Capital Treasury Bonds	400	200	275
e. Premyo Savings Bonds			30
f. Treasury Capital Bonds	75	75	
g. Treasury Bills	208	231	67
h. Others	214	213	92
B. CBCHs	7,403	8,155	9,713
C. Swaps \$	1,377.46	1,397.74	1,065.04
P	12,397.14	12,579.66	8,894.15

^P Preliminary

foreign exchange remittances, the Central Bank is extending financial support to commercial banks in the form of a special rediscounting facility to enable these banks to offer foreign exchange buying rates that are more competitive with the unregulated market. This special credit facility is made available to all qualified commercial banks with a minimum deposit balance of US\$3 million with the Central Bank or minimum sales of US\$1 million each month.

Foreign Trade Management

1. A surcharge of 3% *ad valorem*, beyond normal duties, taxes and charges imposed by law, was levied on all importations, effective January 1, 1983. Moreover, a related regulation was adopted requiring importers to deposit in banks the full amount of duties due on the importations at the time of the opening of the letters of credit or, in the case of importations effected under other types of payment arrange-

ments or on a deferred payment basis, at the time of presentation of the import documents to the agent bank. These measures would improve revenue collections and at the same time discourage unnecessary importation.

2. Stiffer penalties were imposed on technical smugglers of imported items that were recently removed from the list of banned items. These penalties would include outright confiscation of the imported item or the opening of a

special time deposit with the Central Bank equivalent to the amount of the undeclared value of the good imported.

3. As part of the import liberalization program that would improve the efficiency and enhance the competitiveness of domestic industries in the international market, 48 additional products were taken out from the list of regulated imports, bringing the total of liberalized products to 921 items since January 1981. In addition, the third stage of

the five-year tariff program was implemented as planned, reducing the estimated average nominal tariff rate to 29% in 1983 from 31% in 1982.

Overseas Worker Remittances

1. Rules and regulations were issued on February 1, 1983 in implementation of Executive Order No. 857 requiring the mandatory remittance of a portion of the basic monthly salaries of all Filipino contract workers abroad without exception. The full implementation of this measure would increase invisible receipts significantly.

2. A raffle system has been designed to make remittances through the banking system more financially rewarding and interesting to workers and their beneficiaries. Preparations for the raffle went into full swing during the quarter with the monthly draws expected to begin in the second quarter.

External Debt Management

1. The ceiling on approvals of new fixed-term foreign borrowings in 1983 was set at \$2 billion, lower than the \$2.4 billion ceiling in 1982. The \$2-billion ceiling would consist of US\$1 billion in official development assistance (ODA) and US\$1 billion in commercial loans, including suppliers' credits. This measure was aimed at limiting the absolute expansion of external debt and keeping the debt service ratio within the statutory 20% ceiling.

2. In general, new short-term foreign loans

would be allowed only for bridge financing high-priority projects, refinancing maturing obligations, or meeting working capital requirements of Philippine firms with overseas projects approved by the government.

In addition, renewals of existing revolving credit lines would be limited only to extent of the outstanding balance as of end-1982 and only upon prior approval of the Central Bank.

3. A queuing system for individual loan negotiations has been implemented for the purpose of coordinating approaches of Philippine borrowers to the international capital markets not only to avoid competitive situations which result in more adverse terms but also to properly time market entry to take advantage of favorable capital market conditions.

Improvements in the Financial System

1. Interest rate deregulation has been completed with the removal of the remaining ceilings on interest rates on short-term loans, effective January 1, 1983. This move was intended to stimulate savings and to achieve a more efficient allocation of scarce financial resources by allowing market-determined pricing of credit.

2. The prime rate monitoring mechanism was introduced and the Manila Reference Rate system was improved, providing the public with up-to-date information on bank lending and deposit rates. This move was aimed at increasing competition among banks and ultimately

reducing interest rates. The prime rate system, together with the deferment of an initially programmed reduction in reserve requirements, the elimination of interest payments on bank reserves with the Central Bank and the rationalization of government debt issues, also took effect on January 1, 1983.

3. The new rules on short-term commercial paper issuances took effect on March 11, 1983, allowing only prime companies to borrow funds from the money market and at the same time providing protection to suppliers of short-term funds. The new rules provided, among others, that any proposed borrowings from the money market would have to be supported by a committed credit line with a qualified bank. Exemptions from the credit-line requirement could be given, however, on the basis of certain criteria, such as a three-year average current ratio of 1.2:1 and an average net profit margin of at least 3%. Commercial paper issued to financial intermediaries authorized to engage in quasi-banking on a with-recourse basis or with a repurchase agreement were also exempted from the bank credit-line requirement.

4. To ensure the continuous flow of agricultural credit to cover the needs of farmers for increased production and income, incentives were extended to rural banks and expanded commercial banks in order to encourage them to establish branches in areas unoccupied or inade-

quately served by rural banks. These include the priority that would be given to rural banks in their application to establish branches in these areas and the government matching of the unmatched private paid-up capital of the rural banks up to P50,000 per branch.

Moreover, universal banks were allowed to apply for special time deposits and rediscount eligible paper with the Central Bank at the preferential interest rate of 3%, provided that the loans to be granted were in accordance with the supervised credit scheme.

Assistance to Industry

1. The development of small- and medium-scale industries was encouraged with the granting of grace periods for certain loans under the Guarantee and Lending Program of the Cottage Industry Guarantee and Loan Fund. Thus, maximum grace periods of one year for working capital loans and two years for fixed asset loans were granted depending upon the cash flow of the beneficiary project.

2. Support was also extended to firms registered with the Export Processing Zone Authority (EPZA) by exempting them from certain requirements on importation. Exempted from prior Board of Investments clearance and Central Bank release certificate requirements were the importations of paper and paper-board products as well as synthetic resins and synthetic resin

products. All imports their export-oriented from the payment of time of opening of let-
 tions by EPZA-registered manufacturing activities import duties at the ters of credit.
 firms in connection with were likewise exempted

MONETARY INDICATORS As of Dates Indicated (Million Pesos)			
Item	March 1983	December 1982	March 1982
I. Liquidity			
Total Domestic Liquidity	96,774	95,297.9	85,492.9
1. Money Supply	22,165	23,824.5	22,330.3
a. Internal Origin	49,591	45,346.0	37,140.4
b. External Origin	(27,426)	(21,821.5)	(14,810.1)
2. Savings and Time Deposits	56,164	55,207.6	44,786.9
3. Deposit Substitutes	18,445	16,565.6	18,375.7
II. Credits			
1. Net Domestic Assets	122,022	117,119.4	100,303.0
a. Monetary Authorities	24,498	22,397.2	18,335.4
b. Deposit Money Banks	97,524	94,722.2	81,967.6
2. Domestic Credits (Net)	142,351	138,635.2	120,117.9
a. By End-user			
1) Public Sector	22,203	21,557.1	15,632.9
2) Private Sector	120,148	117,078.1	104,485.0
b. By Institution			
1) Monetary Authorities	17,358	17,409.8	15,512.5
2) Deposit Money Banks	124,993	121,225.4	104,605.4

CSO: 4200/680

PHILIPPINES

GUNMEN KILL 11 FARMERS IN FRONT OF WIVES, CHILDREN

Manila PHILIPPINES DAILY EXPRESS in English 26 Jun 83 p 2

[Text] Cagayan de Oro City--Gunmen swooped down Thursday on a barangay in Prosperidad, Agusan del Sur, herded residents into a public hall and shot to death 11 farmers before their wives and children, the military said yesterday.

Military authorities described the killers as New People's Army members but did not say why they think they were rebels, or why the farmers were shot.

In a report to the regional military headquarters here, second brigade commander Col. Servando Lara said the gunmen, numbering 10, presented themselves to Prosperidad residents as government men and gathered them in the village hall purportedly for a meeting.

Inside, the men were segregated from their wives and children. After their families stepped back, the gunmen shot 11 of the farmers, Lara said. Two other farmers were wounded. (AP)

CSO: 4200/679

'TURNCOATISM' IN POLITICAL PROCESS EXAMINED BY COLUMNIST

Davao City MINDANAO TIMES in English 27 May 83 p 2

["Observation" Column by Cesar R. Nunez]

[Excerpt] Turncoatism--Let's face it, turncoatism, as an electoral offense, is contrary to human nature and political experience. For how many, among the country's top leaders, including the President, did not switch from one political party to another?

The people who voted for Elias B. Lopez knew that he was a Nacionalista candidate. To uphold the turncoatism charge is to disregard the will of the people expressed through the ballot. To allow the turncoatism accusation to stick is to make a loser win and to substitute loyalty to the party for loyalty to the people.

Incidentally, Noli Sotto, the man who possesses a magical attraction for votes, should be drafted by the Nacionalista Party in the Batasan Pambansa election in 1984. A former vice mayor under Mayor Lopez up to 1971, Noli would be a formidable opponent to any candidate put up in Davao City or Davao del Sur.

CSO: 4200/679

GOVERNMENT URGED TO DEFER INTEGRATED STEEL PROJECT

Manila PHILIPPINES DAILY EXPRESS in English 28 Jun 83 p 10

[Article by Samuel V. Senoren]

[Text] Jaime V. Ongpin, president of Benguet Corp, is pressing for outright government deferment of the \$750-million integrated steel factory because project technology and market conditions will not make it commercially-viable.

The government had said it was reviewing the project after several businessmen questioned the propriety of proceeding with it.

Ongpin raised the viability issue anew in an exchange of communication with Jose Ben Laraya, president of National Steel Corp. (NSC) which owns the project.

The letters are marked with sarcasm as Laraya argued for the project while Ongpin sought its deferment.

The steel project is using a coal-based direct reduction (DR) technology which Laraya claims is a commercially-proven technology.

"It is a fact that the coal-based DR process has been commercially proven in a number of successfully operating DR plants around the world," Laraya wrote Ongpin last June 11.

On June 23, Ongpin answered Laraya saying that the claim "has no basis in fact."

According to the Benguet official, it is only natural gas-based DR which has been commercially-proven for some time. He cited a study conducted by Fordham University in 1981 on direct reduction process to support his claim.

Ongpin also said that Lurgi, which is supplying the plants, had recommended that one kiln be built first and operated for at least a year using local materials before building the other five kilns.

Citing the cost advantages of the steel project, particularly with the deterioration of the peso, the NSC official explained that the steel

plant "has the comparative advantage that it does not have to raise steel prices in line with the landed cost of imported steel."

Without an integrated steel plant, local steel consumers have no choice but to pay the higher price of the imported steel, the NSC executive added.

Ongpin replied, however, that Laraya's assertion "completely ignores the fact that 100 percent of your financing for the steel project will be denominated in foreign currency and will have to be repaid in the same currency which will cost more pesos as the peso exchange rate deteriorates."

"If NSC will not raise its prices as the peso continues to devalue, where will NSC get the additional pesos to repay its foreign borrowings?" Ongpin asked.

Ongpin also said that many NSC claims to support the project have not been substantiated. Among these, he said, is the claim of \$400 million a year in foreign exchange savings.

"It would aid NSC's credibility if you would publish the exact details showing how these enormous savings will come about," Ongpin told Laraya.

CSO: 4200/679

PHILIPPINES

FOOD MINISTER SAYS RICE PRICES WILL NOT INCREASE UNTIL DECEMBER

Manila PHILIPPINES DAILY EXPRESS in English 28 Jun 83 pp 1, 6

[Text] Food Minister Jesus Tanchanco yesterday assured that there will be no increase in the prices of palay and rice until December despite the devaluation of the peso and the seven-month drought that affected palay and corn crops in the Visayas and Mindanao.

Tanchanco said the National Food Authority has enough stocks to last till the yearend.

He said, however, that the government will increase the prices of the cereals next year as a result of increases in the cost of production.

The NFA, he said, has 30 percent more palay stocks this year than last year. Private grains traders also have twice as much palay as they had last year, he said.

The country has a total stock of 700,000 tons of rice, which, he said, is good enough for ten months. Daily consumption of rice is estimated at 14,000 tons.

Tanchanco warned that traders found overpricing will be dealt with severely.

The government floor price for palay is P1.70 per kilo while the ceiling price of rice is P2.85 per kilo.

Tanchanco also said that the government has decided not to export rice this year because of production shortfall.

Private millers in Mindanao had to stop operations due to the closure of the Maria Cristina power plant, as a result of the drought, he said.

CSO: 4200/679

VOLUME, VALUE OF EXPORT OF COCONUT PRODUCTS FALLS

Manila PHILIPPINES DAILY EXPRESS in English 26 Jun 83 p 12

[Text] The volume and value of Philippine exports of coconut products during the first five months of the year suffered sharp falls from levels in the same period last year.

Official figures show that exports of copra and other coconut products during January-May dropped by 24.07 percent to 645,517 tons from 850,148 tons a year ago.

The value of this year's exported coconut products reached \$200.5 million compared with the previous year's \$304.4 million, reflecting a drop of 34.13 percent.

The downtrend in Philippine exports of coconut products is projected to continue up to next year.

Industry officials even fear that exports may even decline further next year because of the drought-induced fall in coconut production this year.

Earlier estimates of the Philippine Coconut Authority (PCA) showed that this year's coconut production could drop by 20 percent of 400,000 tons from the expected 2.2-million ton output.

Copra shipments in the January-May period totalled 12,325 tons valued at \$3.46 million compared with 114,840 tons worth \$32.8 million. Coconut oil shipments were 336,508 tons worth \$140.9 million, down from 430,497 tons worth \$200.6 million.

Copra meal exports were 212,483 tons worth \$25.7 million from 273,790 tons valued at \$34.5 million.

Exports of other coconut products were also down in volume and value, such as 33,267 tons of dessicated coconut worth \$26.1 million against 33,620 tons worth \$30.5 million and 8,511 tons of coco shell charcoal valued at \$1.2 million against 9,773 tons worth \$1.5 million.

Earnings from activated carbon also dipped, to \$3.1 million for 3,193 tons shipped against \$4.4 million for 3,861 tons.

No copra was shipped in May. The US bought 14,208 tons, worth \$6.1 million, of coconut oil, followed by Europe at 10,769 tons valued at \$4.4 million. Japan also imported 2,556 tons and South Korea at 1,000 tons.

CSO: 4200/679

PHILIPPINES

GAS PRICE INCREASE APPROVED

Manila PHILIPPINES DAILY EXPRESS in English 1 Jul 83 pp 1, 6

[Article by Rosario A. Liquicia]

[Text] Starting today, locally-refined petroleum products will cost 31.9 centavos more per liter.

The new fuel prices as approved by the Board of Energy are:

.Premium gasoline, from P5.15 to P5.47 per liter.

.Regular gasoline, from P4.95 to P5.27 per liter.

.Diesel, from P3.11 to P3.43 per liter.

.Liquefied petroleum gas (LPG), from P2.98 to P3.30 per liter.

For 11-kg. LPG cylinders, the new price for pickup is P65.05 from P58.75.
For 50-kg. LPG cylinders, the new pickup price is P295.65 from P267.10.

Kerosene prices are: from pump station, P3.44 per liter from P3.12;
from ambulant resellers, P3.47 per liter from P3.15; and from sari-sari
stores, P3.57 per liter from P3.25.

In authorizing the 31.9 centavo-per-liter price increase, BOE Chairman Ponciano Mathay said, the board simply considered the effects of the dismantling of the Consumer Price Equalization Fund (CPEF) and the peso devaluation.

It did not consider claims of additional increases in refining and marketing expenses, inland transshipment and rate charges, the cost of chemicals and additives and the provision for viability (profit margin) which oil firms also asked in their price increase petitions submitted to the BOE.

Mathay also said that the amount that used to go to the CPEF which then ranged from P1.02 for liter for regular gasoline to P11.3 centavos for fuel oil, will continue to go to oil companies to allow them to recover past losses incurred as a result of the drop of the peso's value against the dollar.

He said the total amount of increase will go to oil companies as government decided not to add on new taxes. Likewise, he said, dealers did not get any increase in their existing profit margins which is now 18 centavos per liter of premium gasoline.

Even with the dismantling of the CPEF, the amount which used to go to the fund will continue to be collected and will still go to oil companies to enable them to recover past losses.

But the amount collected under the new pricing scheme will now go directly to the oil companies instead of going to an equalization fund managed by the Ministry of Energy and later forwarded to oil companies as reimbursements.

When the CPEF dismantling was announced, what actually happened was that the government stopped using funds from budgetary allocations to subsidize the CPEF which was most of the time in deficit, sometimes by as much as P700 million a year.

Unlike in past price increases, the newly-authorized 31.9-centavo-per-liter increase does not include adjustments in specific tax, special fund collections, and as dealers' margin.

In giving an across-the-board price increase, the government scrapped earlier plans of narrowing the gap between the prices of gasoline and diesel because such a move, the BOE said, would be too abrupt.

At the same time, the BOE did not apply the so-called socialized pricing scheme which in the past has been a guiding rule. Under the concept, the price increase differs from one product to another. Such products as diesel and kerosene which are used by more people are priced lower.

The price increase, which is far below than the 39-centavo-per-liter earlier sought by the oil firms, had to be "minimal" to avoid substantial increases in prices of basic goods and services, Mathay said.

This was also considered deferring the planned narrowing of the price gap of gasoline and diesel. Gasoline is used by car owners while diesel is used in mass transportation industry.

A substantial increase in the price of diesel will result in higher transport fares and electricity, the BOE said.

CSO: 4200/679

STEEL PROJECT WILL NOT STRAIN DEBT SERVICE

Manila BULLETIN TODAY in English 26 Jun 83 p 10

[Text]

The financing package negotiated by the government for the \$1 billion integrated steel mill project will not strain the country's debt service burden nor worsen the balance-of-payments position during the next five and a half years because it carries a total grace period for both principal and interest payments for the same period.

This was revealed yesterday by Trade and Industry Minister Roberto V. Ongpin as he hailed the President's decision to continue with the project.

The financing for the equipment, to be supplied by two consortia of British and Japanese suppliers, will be for a period of 17 years at an interest rate averaging less than nine per cent, Ongpin said.

"The steel project would help, rather than aggravate, the country's balance of payments problem," Ongpin, who is also a member of the monetary board, declared.

Deferring the implementation of four of

the major industrial projects plus one half of the fifth (the high HP diesel engine project) was the "right thing to do" in view of the present difficult situation but suspending the integrated steel project would be a very costly decision.

"Postponing the project is tantamount to its cancellation," Ongpin stressed, because even a one-year delay in its implementation would entail an additional cost of \$300 million.

Any postponement was bound to be a permanent one and the Philippines would have missed the only opportunity of having its own steel mill, dooming it to be forever an importer for its steel requirements, Ongpin added.

Ongpin cited an AmEx Bank study of the steel project which showed that, in view of the very favorable financing terms obtained, the average foreign exchange savings of this project would be \$430 million per year, even after

considering the amortization of the debt.

This is more than five per cent of our total imports and more than a third of our BOP deficit last year, Ongpin said.

He also pointed out that despite the large project cost, not a single centavo would come from the national budget and, therefore, this project does not at all pre-empt other projects of the government, whether large-scale or small-scale.

In fact, we have been able to convince the financing institutions that the existing equity and cash flows of National Steel Corp. would be sufficient to provide the counterpart equity for the project, Ongpin said.

Ongpin also said that the project would be the most profitable of all the 11 MIPs with return on investment exceeding 30 per cent.

Replying to the questions regarding the technical viability of the project which have been raised by certain quarters, including his brother, Ongpin said that the best proof of

the project's technical viability is that the World Bank team that made the detailed assessment of the project earlier this month concluded that the project was technically viable and that the risks were acceptable.

Ongpin pointed out that one of the attractive aspects of the project was the fact that we will be able to utilize entirely indigenous raw materials — the tailings of the copper mines and the nickel refinery at Nonoc, and coal from Semirara.

This is the reason why the foreign exchange savings are so substantial, he stressed.

It would be ironic, indeed, Ongpin said, if the Philippines, which has 100 per cent of the indigenous raw materials for this project were to drop the project and thus make the country a permanent export market for Japan, Korea and Taiwan, all of whom import raw materials for their steel production.

MORE ARMED FORCES GENERALS TO BE APPOINTED

Manila PHILIPPINES DAILY EXPRESS in English 6 Jul 83 p 6

[Text]

MORE GENERALS in the armed forces will be appointed this week, to fill vacancies in the AFP roster of generals.

President Marcos directed yesterday the AFP Board of Generals to update its recommendations for promotion of colonels to one-step rank.

The President made the announcement during the oath-taking in Malacanang of four newly-appointed AFP brigadier generals and one navy commodore. . . .

THE NEW brigadier generals are Ferdinand B. Doneso (PAF), Feliciano R. Suarez Jr. (PA), Cesar F. Tapia (PA), and Isidoro M. de Guzman (PC); and Tagumpay R. Jardiniano (Navy).

Doneso is commanding general of the 35th Airlift Division, based at Villamor Air Base. He was formerly commander of the Air Reserve Division, and took part in combat operations in Mindanao in early 1974.

Suarez now commands the 52nd

PA Engineer Brigade based in Manobo Fortich, Bukidnon. His command is undertaking 15 infrastructure projects in Mindanao, Sulu and Tawi-Tawi, besides providing service support to the Mindanao pacification campaign.

. . .

JARDINIANO, of the Naval Training Command in Fort San Felipe, Cavite, served as chief of naval operations, and was also with the AFP Command and General Staff College.

Tapia is commanding general of the 2/2 Army Brigade in Lanao and Maguindanao. As a battalion commander in Jolo in 1973-1974, headed a unit which defended Jolo against the rebels during three days of heavy fighting.

De Guzman headed Intelligence Project Scorpio which bagged Commander Dante (Bernabe Buscayno) in August 1976. He was also task force commander, Task Force Cabinet, in Region III.

SOME BICOL PRIESTS REPORTEDLY OPPOSE NPA

Manila PHILIPPINES DAILY EXPRESS in English 6 Jul 83 p 1

[Text]

SOME priests and lay leaders in Bicol have gotten together against rebels operating in the area, military authorities said yesterday.

The development divides the Bicol religious leaders, some of whom have been positively identified as espousing the propaganda line of the underground movement, the military said.

Brig. Gen. Jose Alcaneses, PC Region 5 commander, told a command conference at Camp Aguinaldo that the decision of the Bicol priests to work against the rebels was apparently an offshoot of the upsurge of rebel attacks that have killed children, women and other innocent civilians.

Alcaneses reported that a rebel attack of the Basud town hall in Camarines Sur, victimized several civilians. He said this angered not only the religious leaders but also World War II veterans.

These veterans have appealed to the regional command to give them arms so they can also join in fighting the rebels, the conference was told.

There have been reports that rebels in the Bicol area have put up "shadow governments" in more than 200 barangays in the region.

Residents in these barangays estimated at 25,000 were reported being forcibly taxed. Those who do not have cash were reported compelled to give in kind.

Gen. Fabian C. Ver, AFP chief of staff, ordered the intensification of "Oplan Katatagan" projects in the region, emphasizing use of military resources in helping economic development ventures of residents.

Soldiers were ordered to help farmers in harvesting cereals and crops and in building mini-dams that can be used for irrigation even during dry seasons.

CSO: 4200/704

TYPHOON BEBENG DEATHS, DAMAGE REPORTED

Fatalities, Property Damage

HK190357 Manila Far East Broadcasting Company in English 2330 GMT 18 Jul 83

[Excerpts] Typhoon Bebeng's death toll rose to 105 yesterday, with the latest reports coming in from Pampanga, Camarines Sur, Sorsogon, Bataan, and Zambales. In Pampanga, assistant constabulary provincial commander Maj. (Reynaldo Cabuacan) reported that 19 persons drowned when big waves hit the coastal towns of Sexmoan, Macabebe, and Masantol during the height of the typhoon's fury last Friday. Officials said the death toll could rise further.

Meanwhile, damage to property is expected to reach over 100 million pesos. Survey teams are still assessing the damage left by the typhoon. President Marcos has ordered all government agencies to submit reports on the extent of destruction caused by the typhoon. The president said these reports will be the basis for assistance to typhoon victims.

Thousands Left Homeless

HK191258 Manila BULLETIN TODAY in English 19 Jul 83 pp 1, 10

[Excerpt] Typhoon "Bebeng" left 57,818 families homeless and forced 318,482 families to evacuate to temporary shelters in Bicol, southern Tagalog, central Luzon, and the Visayas, the Ministry of Social Services and Development [MSSD] reported yesterday.

President Marcos ordered government agencies yesterday to submit to him their reports on the destruction wrought by typhoon "Bebeng" so he would have the basis to help the typhoon victims.

Budget Minister Manuel Alba said that after the reports are submitted, funds will be released at once for relief and rehabilitation.

Alba said the agencies concerned may use their budgetary allotments to help typhoon victims. Such emergency releases will be replenished afterwards from the calamity fund, he said.

The MSSD said that so far, 12 persons were officially confirmed dead, 27 injured, and nine missing. It reported 7,342 homes damaged by the strong winds.

PRICE CONTROLS RETAINED ON BASIC COMMODITIES

Manila PHILIPPINES DAILY EXPRESS in English 4 Jul 83 pp 1, 6

[Article by Rosario A. Liquicia]

[Text]

CEBU CITY, July 3 - The government will not dismantle price controls to hold down the prices of at least 11 basic commodities, including rice, corn and meat.

Trade and Industry Minister Roberto V. Ongpin announced this policy Saturday night even as he hinted at moderate increases in the prices of the items.

The basic items will definitely not be scrapped from the price control list, he added. These are rice, corn sugar, pork, chicken, eggs, milk, canned fish, pencils, notebooks and pad paper.

The projected increase in the prices of the 11 basic commodities is a result of the 7.8-percent *de facto* devaluation of the peso to P11 to \$1 and the increase in the prices of gasoline and other petroleum products.

...

ONGPIN said socialized pricing protects consumers from steep increases in prices of prime commodities.

Producers have been speculating that some of the commodities in the price control list would be removed.

Even before the increase in the prices of oil products and the

weakening of the peso, many manufacturers have clamored for a price increase if not outright delisting of their products.

The President has directed Ongpin to head a committee to study the effects of the oil price increase on the prices of commodities. The committee has not announced its findings and recommendations.

He also ordered the Price Stabilization Council to hold down prices of the 11 basic goods to hold down inflation.

CSO: 4200/690

BRIEFS

PRICE HIKES--Trade and Industry Minister Roberto Ongpin yesterday warned industries against what he called unjustifiable price increases. Mr Ongpin said any undue increase in prices would only jack up the inflation rate, to the detriment of everybody. He said he would meet this week with representatives of major industrial firms to arrive at a reasonable price adjustment. The meeting would also analyze the impact of the recent fuel price hike on the production costs of industry. However, businessmen said they may not be able to comply with the appeal of Minister Ongpin because the expected salary hike will surely eat up the profits, and they will need to hike prices to break even. In a related development, the Metro Manila Commission [MMC] yesterday approved a 3 to 5 percent increase in the prices of 23 basic commodities being sold in MMC's 360 (Kadewa) outlets. This means consumers will have to pay 10 or 15 centavos more for such goods as rice, cooking oil, bar soap, and noodles among others. [Excerpt] [HK060028 Manila Far East Broadcasting Company in English 2330 GMT 5 Jul 83]

NPA REBELS KILLED--On the dissident front, 31 New People's Army [NPA] terrorists and 5 Muslim rebels were killed in separate encounters in Agusan del Sur and Palawan in the past 3 days. In Agusan del Sur, an army ranger team inflicted the biggest toll so far on the communist New People's Army. The rangers killed 31 rebels and wounded many others in a surprise attack on the rebels' lair in (Acite). The slain dissidents include three NPA commanders identified as (Jacob Mandajino), alias Commander (Jabar), Commander (Ricky), and Commander (Rogers). In Palawan, five Muslim rebels were killed in a clash between the rebels and Philippine marines at Pagoda Cliff. In South Cotabato, one unidentified terrorist was killed in an encounter with government troops. The NPA band was reported led by one (Armado Gerit). [Text] [HK070039 Manila Far East Broadcasting Company in English 2330 GMT 6 Jul 83]

OMANI AMBASSADOR PRESENTS CREDENTIALS--Muscat, 5 Jul (WAKH)--Oman's resident ambassador to the PRC, 'Awadh Badr al-Shanfari, today presented his credentials to President Ferdinand Marcos of the Philippines, as Oman's nonresident ambassador to the country. After the ceremony, the Omani envoy discussed with the president the friendly relations between Oman and the Philippines, the situation in Southeast Asia and the Middle East question. [Text] [GF051700 Manama WAKH in English 1615 GMT 5 Jul 83 GF]

CRACKDOWN ON DOLLAR SMUGGLERS--President Marcos yesterday ordered the Central Bank to restrict the sale of foreign exchange to travellers abroad, particularly the professional commuters. He also ordered a crackdown on dollar smugglers and businessmen who divert dollars for deposit in foreign banks. President Marcos issued the order after his 10-day ultimatum to dollar smugglers to stop their illicit activities expired last Saturday. He warned that dollar smugglers and illicit dealers in foreign exchange face severe penalties for economic sabotage if they continue to pursue their activities. These moves by the president aim to help conserve vital foreign exchange. Last Saturday the president also signed a decree doubling the travel tax, to discourage foreign travel by what he described as professional commuters. [Text] [HK040224 Manila Far East Broadcasting Company in English 2330 GMT 3 Jul 83]

NPA 'INVISIBLE GOVERNMENT' SCUTTLED--The invisible government of the NPA [New People's Army] has been destabilized in Abra. Some 200 NPA followers surrendered to the military during the past few days in Abra. Ilocos Region PC [Philippine Constabulary] Commander Brig Gen Victorino Azada said the surrender of the NPA followers resulted in the scuttling of the NPA invisible government in Abra. He said the surrenderees included officials and members of the various barrio revolutionary councils, which are the organizational core of the NPA. General Azada said the barrio councils are responsible for the collection of taxes from the barrio people. [Text] [HK150015 Manila Far East Broadcasting Company in English 2330 GMT 14 Jul 83]

COMMUNICATIONS SYSTEM IMPROVEMENT--The Armed Forces of the Philippines [AFP] Communication Electronics Corps, Comel, will embark on a nationwide multi-million peso integrated communication program. This is designed to update the AFP communication linkage between field units and headquarters in Manila. Comel Commanding General (Leo Santos) said the armed forces will also purchase digital microwave facilities which communications system, the soldiers assigned in Mindana for instance could get in touch with their families and friends in Manila. [Text] [HK170808 Quezon City Maharlika Broadcasting System in English 0800 GMT 17 Jul 83]

VIRATA PREDICTS ECONOMIC RECOVERY--Prime Minister Cesar Virata says the economic recovery of the Philippines has already started, and is expected to pick up next year. In a speech before the conference on world economic recovery at the Philippine International Convention Center, Virata said the government projects a modest growth rate of about 2 percent for the year, as against 4.5 percent last year. He said the country's balance of payments deficit of \$562 million in the first half of 1983 is expected to reach between \$600 and \$700 million by year end. Last year's balance of payments deficit was \$1.2 billion. [Text] [HK190359 Manila Far East Broadcasting Company in English 2330 GMT 18 Jul 83]

NEW GENERALS NAMED--The armed forces has five new generals. They are Cols. Cesar Tapia, Feliciano Suarez, both of the army; Col. Ferdinand Dones, 35th air force wing commander; Col. Isidoro de Guzman, 6th regional command chief; and Col. Tagumpay Jardiniano, naval training command chief. The promotions brought to 90 the number of generals in the active military service. Tapia solved three bank robberies in Digos, Davao Oriental, perpetrated by former soldiers. His command, based in North Cotabato, is also active in anti-resurgency operations in Cotabato. Suarez heads the 52nd army engineer brigade carrying out electrification projects in remote barangays in Mindanao and Sulu. The brigade has lost several officers and men in ambushes by rebels. [Text] [Manila PHILIPPINES DAILY EXPRESS in English 28 Jun 83 pp 1, 6]

COAL PRODUCTION INCREASES--Philippine coal production last year increased some 55 per cent to 557,900 tons compared to 1981 production of 359,000 tons, the energy ministry said today. In a statement, the ministry said 1983 production was expected to further rise with the conversion to coal of petroleum fueled mining and cement industries plants. Estimated total production capacity of Philippine coal mines at present is 800,000 tons, with total proven reserves of 263.2 million tons of which 177.5 million tons could be viably mined. The government will invest P66.1 billion for the implementation of the 10-year energy development program. Energy experts said 85 per cent of the total investments will be allocated for the power development program of the government. The remaining 15 per cent will be spent for field exploration and development of nonconventional energy sources. President Marcos said the principal aim of the program is to provide more electricity to the residents nationwide by 1990. [Text] [Manila BULLETIN TODAY in English 27 Jun 83 p 27]

CSO: 4200/680

SINGAPORE BARS FOREIGN WORKERS

Manila PHILIPPINES DAILY EXPRESS in English 7 Jul 83 p 4

[Article by Frieda Koh]

[Text] - SINGAPORE (Reuter) - The government is taking steps to curb the entry of foreign workers, after having had an open door policy for many years.

The island has traditionally attracted sailors, writers, merchants and laborers from as far as China and Europe.

Professionals and academics also have been allowed to work here. But all this will change as part of a new policy.

Prime Minister Lee Kuan Yew wants an indigenous work force by the turn of the century to ensure that Singapore's stable society is not upset by imported social problems.

The growing foreign work force here has caused resentment among local professionals, particularly when world recession slowed down the island's economic growth.

Singapore's own lawyers, doctors and businessmen are grumbling over competition from imported labor.

An increase in the number of burglaries, in incidents of vandalism and in prostitution is also popularly blamed on the growing army of foreigners - now estimated at 200,000.

In better times when the government took economic expansion for granted, the demand for labor seemed insatiable. But recession has changed all that in the last 18 months.

Citizens complain the authorities have been too liberal in applying

guidelines for work permits and employment papers. The guidelines were originally introduced when Singapore's 2.5 million people could not provide sufficient manpower to match growth.

Manpower is the primary asset in a country without natural resources save for its deep-water port.

Lee has ruled that work permit holders must be phased out by next year. Some 20,000 workers from "traditional sources" - primarily Malaysia - will have to leave by 1990.

He has exempted ship-building and domestic sectors where the labor shortage is expected to persist.

Officials said the first priority was to improve the quality of life and stabilize the country's social and economic structure.

The official feeling was that Singapore had already achieved a high standard of living by regional standards, and could afford to slow down.

About one fifth of Singapore's labor force is now foreign. Most of them are Malaysians, Indonesians, Sri Lankans, Thais, Bangladeshis and Filipinos.

Officials estimated that more than 1,000 foreign applications for work are received each month.

About half of them are successful.

Foreigners earning less than 1,250 Singapore dollars (625 US dollars) a month are given permits renewable every six months. Others with higher wages are granted work passes for longer periods.

FORUM SHIPPING LINE ADJUSTS TO LOSS OF SOLOMON ISLANDS

Wellington THE EVENING POST in English 20 Jun 83 p 14

[Text]

The withdrawal of the Solomon Islands from the Pacific Forum shipping line (PFL) will not cause any major disruption to the line's operation.

The Solomons decided to withdraw during the recent South Pacific regional shipping council meeting in Honiara.

Although concern has been expressed by PFL chairman, Mr Harry Julian, at the withdrawal, it will not disturb shipping or administrative operations to any great degree.

Mr Julian told the "Post" that the Solomons received more in net benefits from the running of a PFL service to Honiara than the island nation contributed to the running of the line.

Route

"Honiara is on a direct route from New Zealand to Papua New Guinea, so there is no diversion in our going there. We won't turn round and cut off their service be-

cause they have withdrawn, but we will monitor the service," he said.

Of more pressing importance is the PFL's hopes of getting a \$4 million European Investment Bank loan.

The loan is to be used by the PFL to buy containers instead of leasing them, and the Solomons were to be a guarantor of the loan.

However, Mr Julian said the withdrawal did not affect that arrangement. "It only means there will be six signatories instead of seven," he said.

Boxes

The PFL rents about 1700 containers, with Container Transport International a major supplier. Integral reefer boxes (containers equipped with a self-contained refrigerating unit) cost about \$19 a day to rent, and general containers cost about \$2 a day.

About 800 of the PFL's container stock are integral reefer boxes.

CSO: 4200/705

MUSLIM EXILE STILL FEARS FOR SAFETY

Bangkok THE NATION REVIEW in English 28 Jun 83 p 3

[Text]

KELANTAN, Malaysia - Amin Tominah, a former Muslim leader of Pattani, may find it safe living in self-exile here but he has a strong will that one day when things are better he will return to Thailand once again.

Amin told *The Nation* during an interview early this month that he is still not confident of his own safety if he comes back to Thailand at the moment.

"Dark influence," he said, still exists in Pattani and that is something he is afraid of. Amin was one of the best-known and most respected Muslim leaders in the South to have fled the country following a series of harassment against him. He held the post of chairman of the provincial Muslim committee before he left for Malaysia in April 1981.

He was then labelled by local authorities as the leader of a Muslim terrorist movement

an allegation denied by him and later on by senior officials of the Fourth Army Region.

Amin, 53, said he believed in the good intention of Fourth Army Commander Lt Gen Harn Leenond and Commander of the Fifth Army Division Maj Gen Panya Singakda.

"I believe that the two men have sincerity in improving the lots for Muslim people in the South. But I still have doubts on the part of junior local authorities," he said.

Amin, who shuttled between Malaysia and Singapore during his self-exile, met on at least three occasions with Maj Gen Panya who was on a mission to persuade him to return to Thailand.

Maj Gen Panya explained that the charge that Amin was the leader of the so-called "Partip" secessionist movement was a misunderstanding. But the charge then heightened Amin's fears

that the authorities were out to get him.

Amin said during the interview that he was not certain if the authorities of the Fourth Army Region can effectively control their men in the region. "I am still worried that some people who are not satisfied with me may again try to harass me if I go back," he said.

The former Muslim leader left behind his family in Pattani and that is one of the reasons why he still wants to come back.

He said he has particular respect for Lt Gen Harn who he described as a man who has true understanding and sincerity in helping the Muslim people.

"But I still wonder if his policy will be continued without him," he said. "What Lt Gen Harn has been doing to upgrade the living standard of the Muslim people is correct and is part of the

long-term solution to the problems in the region."

He said the fact that a large number of Muslim terrorists had surrendered proved that Lt Gen Harn's "Tai Romyen Policy" is working.

Amin is earning some money working as a building contractor here and is living with some friends.

Amin is one of the three Muslim leaders who crossed the border from Thailand to Malaysia for self-exile when the problem of Muslim insurgency in the South developed to the worse point few years back.

The other two are Toh Kru Hayi Ma and Toh Kru Haji Abdullamanh. Both were teachers of Islam and were widely respected in the Muslim-dominated Pattani. They were reported to be teaching Islam in Malaysia but Thai authorities are still trying to bring them back.

POLICE CAUGHT SMUGGLING WEAPONS NEAR PRK BORDER

Bangkok THE NATION REVIEW in English 25 Jun 83 p 7

[Text]

PRACHINBURI - Two policemen attached to Ta Phraya police station in this Thai-Kampuchean border province were arrested yesterday for possession of a huge cache of war weapons and ammunition, including RPG launchers.

Prachinburi Police Commissioner, Pol.Col Songvit Isarangkura na Ayudhya, said the high-powered weapons, which were seized from a pick-up truck the two policemen were driving, included two RPG launchers, 35 RPG rockets, a rifle with 17 rounds of ammunition, 22 sticks of dynamite and 8,600 rounds of ammunition for AK rifles.

He said the two policemen, identified as Pol Pvt Sa-ngiam Promchai, 23, and Pol Pvt Samruay Kokehom, 22, were arrested when they were stopped at Naresuan Intersection in Tambon Baan Phra of Muang District here.

They were reportedly heading for the provincial seat, he said.

Pol Col Songvit quoted the two

as saying that they were transporting the arms and ammunition from the Thai-Kampuchean border for delivery to minority rebels along the Thai-Burmese border opposite Mae Sot District in Tak Province.

They were charged with illegal possession of war weapons.

In the southern province of Narathiwat, provincial governor Chob Mongkolrat, meanwhile, reported that a team of 10 policemen raided a house in Tambon Bok-ngo, Rangae District, and seized a large number of arms and ammunition.

He said the weapons, which were believed to belong to a group of southern guerrillas, included three M-16 rifles with 293 rounds of ammunition, an AK rifle with 51 rounds of ammunition, seven pistols and military uniforms.

FIRST FOOD SHORTAGE IN COUNTRY'S HISTORY REPORTED

Wellington THE POST in English 17 Jun 83 p 1

[Text]

AUCKLAND, Today (PA). — Western Samoans are lining up for basic foodstuffs for the first time in the country's history, says the former Prime Minister, Tupuola Efi.

"You would think we are in some Eastern European or Asian country," he said in Auckland today.

Tupuola Efi, now leader of Western Samoa's parliamentary opposition, said stringent import restrictions introduced by the new government had caused shortages and as a consequence people had been driven to "all sorts of things."

"The situation has gone out of control and people are under considerable strain."

Tupuola Efi said the Human Rights Protection Party Government, which took office six months ago, had overreacted to Western Samoa's economic situation.

But the situation in Western Samoa was the result of world trends and not of the country's making.

Tupuola Efi said the Government had made a lot of election promises to reduce prices and increase salaries, but had not delivered.

"When you are queuing every day for essentials and a lot of funny things are happening quite openly, in the end it will reflect on the

wisdom and quality of the leadership," he said.

Tupuola Efi said it made bad economic sense to have people tied down trying to obtain basic commodities when they should be developing their plantations.

The shortage of cigarettes was making a bigger impact on people than food shortages, and people were paying from \$2.50 to \$4 for a packet.

Monetary policies should not ignore the importance of people, Tupuola Efi said.

He believed the Government should run its present term (the next election is in 1985). Whoever moved for a snap election would have to consider the impact on financial institutions, he said.

"It is difficult to assess at this stage what people would bear. It's possible there's a rainbow at the end of the tunnel, coming in a few months, but I don't think so. I think things will continue the way they are," he said.

"There's a fair lot of friction now. My own view is that it is better to sit back, accept what is coming and find out at the end of the parliamentary term how local people feel."

Tupuola Efi said it was the first time that election promises had been made along party political lines in Western Samoa, and that it had been "a great learning experience" for everyone.

FOREIGN EXCHANGE IMPROVES

Apia THE SAMOA TIMES in English 20 May 83 pp 1, 2

[Text]

Improved export earnings mainly from coconut oil and taro, improved collection of foreign currencies and the maintenance of imports at their 1982 level have been cited as the main factors in the current improvement in the country's foreign exchange situation.

According to an up-to-date report considered by the cabinet on Wednesday, the locked-in funds have been reduced by more than WS\$2 million from the more than WS\$13 million as of December.

Further, the report by the Monetary Board Operation Sub-committee said, if the current accounts of firms with locked-in funds at the banks are taken off, the net total of locked-in funds will be about WS\$10 million.

Another indication of the improving situation, the report added, is that whereas the Bank of Western Samoa fully utilised a WS\$2.5 million credit line with the Bank of New Zealand in the first four months of 1982, so far this year only

WS\$500,000 from the same source has been used.

The locked-in funds represent bad debts which though paid locally could not be paid through ordinary bank transfers overseas because of a lack of foreign exchange or the currencies of those countries to which Western Samoa owes money.

This situation led to an agreement with overseas creditors whereby the local payments are locked in the local banking institutions while regular foreign exchange payments are made to reduce the amount.

In an interview yesterday Le Tagaloa Pita, chairman of the Monetary Board Operation Subcommittee, said that while the amount of payments on a regular basis is agreed on beforehand, there was nothing stopping Western Samoa from increasing the amount of those payments and thereby speeding up the reduction of the debts.

The locked-in funds did not include the current debts which were being paid at the same time, he said.

For 1983, the International Monetary Fund had projected a foreign note collection for Western Samoa of WS\$3.7 million.

To date, however, Western Samoa had collected WS\$2.615 million in foreign notes and another WS\$474,000 due for repatriation, Le Tagaloa said.

"By the end of the year, we would probably have collected over WS\$10 million worth of foreign notes, far in excess of the IMF projection", he said.

Asked to describe the present situation, Le Tagaloa said it was best described as -

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say it is resolved", he said "We have merely arrested it"

As of last Monday, the locked in funds held by the Bank of Western Samoa include: \$7,382,000 owing to the oil companies of Mobil Oil, Shell Oil and British Petroleum; \$1,624,000 owing to Rothman's Tobacco; \$787,000 owing to Air New Zealand \$176,000 owing to Union

Steamship; \$391,000 owing to Wilson Portland Cement; and \$95,000 owing to Main - real Construction.

Locked-in funds at the Bank of Western Samoa total WS\$10,455,000.

Locked-in funds at the Commercial Bank amount to only WS\$1,231,139.

On oil, the report noted that during 1982, the country paid out \$11.93 million for oil imports.

For the first four months only of this year, oil payments have amounted to \$5.

96 million or almost 50 per cent of all oil payments for 1982.

Because of this improvement, the Monetary Board has approved the timetable for oil shipment for the rest of this year.

On the cost of living, the report stated that the prices of tendered goods had been stabilised and even reduced for the last six months.

As a result, almost all the prices of tendered goods were the same or lower than

prices at the last quarter of 1981.

However, imported goods and locally produced goods not under the tender system continued to rise in price.

On the overall situation, the report said, 'the cost of living in the last six months had increased by only 0.3 of 1 per cent.'

The confidential report was released to the press this week to avoid any misunderstandings, Le Tapaloe said.

CSO: 4200/681

BRIEFS

HIGH COMMISSIONER ANNOUNCED--Wellington--Mr Michael Mansfield has been appointed High Commissioner to Western Samoa, the Prime Minister, Mr Muldoon has announced. He succeeds Mr David Caffin, who will return to Wellington. Mr Mansfield is a former High Commissioner to Papua New Guinea and Malaysia and was Deputy High Commissioner in Apia in the early 1970s. He will leave for Apia at the end of September. [Text] [Christchurch THE PRESS in English 18 Jun 83 p 9]

CSO: 4200/702

MILITARY AFFAIRS AND PUBLIC SECURITY

STRENGTHENING OF OPPOSITON TO CHINESE DEPREIDATIONS URGED

Hanoi QUAN DOI NHAN DAN in Vietnamese 22 May 83 p 2

[Unattributed article: "Create a Battlefield Position To Defeat the Enemy's Many-Sided War of Destruction Along the Border"]

[Text] In waging their many-sided war of destruction the enemy pay special attention to our border area, which occupies an important geographical, economic, and national defense position. The border area, which is 4,000 kilometers long and covers a large area in which there live ethnic minority groups with varied, complicated customs and habits, and which borders on a foreign country, is truly a place in which the U.S. and China carry out many plots and schemes to sabotage us.

They have sent spies, reconnaissance agents, and commandos across the border and landed them on our coast to gather intelligence information and infiltrate our ranks in order to sabotage us, and to establish contact with and rally the reactionary forces in the interior, organize sabotage, and carry out plots to create revolts and overthrow us. They have used many schemes to bring in leaflets and many kinds of reactionary, decadent cultural items to propagandize the decadent way of life, poison the younger generation, create a stratum of people who are misguided, lazy pacifists, and encourage and persuade them to flee abroad so that they can be trained to serve as their lackeys. Especially along the northern border the Chinese reactionaries continually carry out armed provocations and land-grabbing activities and sabotage the border defense line. They feverishly send spies, commandos, and reconnaissance agents into our interior, try to win over the reactionaries among the ethnic minority people, incite division in the ethnic solidarity bloc, divide the soldiers from the people, gather together reactionaries in exile, create reactionary armed and political infrastructures, continually carry out psychological warfare activities, and plot to create insurrections and advance to occupying an ethnic minority area to create a political position.

In the border area the Chinese reactionaries carry out armed activities, capture our boats, consolidate their bases on the Paracel Islands, which they occupied illegally, and create provocations and cause a lack of security at sea. Both the U.S. and China engage in feverish activities and send boats carrying spies to infiltrate our country by sea in order to gather military intelligence information, while also organizing rings to persuade people to flee abroad.

In the present phase the border is an important area in the struggle against intelligence agents, spies, and invading, land-grabbing military forces, in order to maintain security on the nation's border.

If their plots and activities are to be stopped and defeated we must create a strong new battlefield position in that area, struggle effectively against the counterrevolutionaries, oppose the intelligence agents and spies who infiltrate from the outside, and stop and smash all sabotage activities of reactionaries hiding out in the border area.

In the sphere of struggle against the counterrevolutionaries to protect the security of the homeland, we must have not a purely defensive battlefield position but one of a continuous offensive against the enemy everywhere, at all times, and in all circumstances, by strongly developing the revolutionary spirit of the ethnic group masses in order to uncover and struggle against the counterrevolutionaries. Furthermore, it is necessary to promptly suppress the reactionaries so that they cannot engage in sabotage activities. We must take the political offensive in order to disintegrate them ideologically and organizationally. Furthermore, because our country has a long border it is necessary to confirm the importance of that area in order to deploy appropriate forces and facilities and apply appropriate measures.

In creating the battlefield position it is necessary to base ourselves on the specific situation and characteristics of each area along the border and on all plots and schemes of the enemy. It is also necessary to motivate the masses along the border, strengthen their consciousness of revolutionary vigilance, develop their spirit of mastery, and continually uncover and struggle against the counterrevolutionaries.

A very important task in creating that battlefield position is organizing strong military, political, and economic revolutionary forces in order to be fully aware of all enemy plots, schemes, and forces. It is necessary to strengthen management, administration, and armed patrolling in order to discover and struggle against the enemy personnel infiltrating into our country or fleeing our country.

Creating a complete, strong battlefield position along the border in order to take the initiative in deploying forces, creating a front to effectively guard against and counter the counterrevolutionaries, and serving the political missions of the Party in each period are urgent, difficult missions of our entire party, army, and people. In order to fulfill that mission, an important requirement is to bring into play the collective mastership right of the people in struggling against the counterrevolutionaries in order to consolidate the governmental administration and wipe out all lackey organizations and forces of the enemy. Only thereby can we smash all insidious plots of the U.S. and China and solidly defend the homeland's borders.

5616
CSO: 4209/429

MILITARY AFFAIRS AND PUBLIC SECURITY

REACTIONARIES SEEK TO DISTORT POLICIES, ATTACK SOCIALIST REGIME

Hanoi QUAN DOI NHAN DAN in Vietnamese 22 May 82 p 2

[Article by Thanh Lang: "The Collaborators"]

[Text] In their many-sided war of destruction against Vietnam the Chinese expansionists and hegemonists, in league with the U.S. imperialists, the capitalist and imperialist countries, and the reactionary exiles abroad have carried out all kinds of psychological warfare in hopes of sabotaging our people ideologically.

Those insidious sabotage plots of the enemy can be effective only when there are active collaborators. All acts including the storing, printing, and circulating of reactionary, decadent publications and cultural products, as well as repeating the enemy's psychological warfare claims, spreading false rumors, writing poems and songs which attack the system, etc., are acts which help the enemy carry out ideological sabotage. In addition to lackeys who directly receive from the enemy the various kinds of decadent, reactionary cultural products sent into our country from abroad there is a considerable number of bad people, dissatisfied people, and other counterrevolutionaries who have committed the crime of collaborating with the enemy by storing and surreptitiously circulating and distributing the reactionary, decadent cultural products mentioned above. The reactionaries have taken advantage of Christianity at the Dac Lo church in Ho Chi Minh City, and reactionaries taking advantage of Buddhism at the Co Son Mar pagoda in Quang Ngai Province used the various kinds of decadent cultural products to win over and ideologically indoctrinated many youths, then selected lackeys to engage in counterrevolutionary activities.

Reactionaries among the Chinese in Ho Chi Minh City secretly stored and concealed the various kinds of reactionary, decadent music tapes and publications produced during the U.S.-puppet period and sought all ways to collect and gather together cultural products sent into our country from counterrevolutionaries abroad, republished them, and secretly circulated them at private book stores in the city. Du Van Mai, the head of a gang of Chinese reactionaries, reproduced 300 music tapes of the Saigon puppet regime and distributed them. Dam Thiu Sau and Du Thanh Tam, relying on the contents of decadent, reactionary cultural products sent in from abroad, spread propaganda rumors to distort the stands and policies of the state and attack Vietnam's socialist regime.

The enemy have also tried to win over bad people and dissatisfied people to collaborate with them by engaging in psychological warfare and ideological sabotage activities. Bui Dinh Ha and Bui Vinh in Ho Chi Minh City engaged in illegal commercial activity and stored, copied, and circulated various kinds of decadent, reactionary music tapes. In Hanoi, Khoat and Miss Truong stored and rented out various kinds of decadent cultural products. Nguyen Huy Luong and a number of people in Quang Ninh Province showed "pig" films, organized group orgies, and corrupted a number of youths. Vinh, Kim, and Chi in Hanoi wrote poems and songs to encourage the cadres and people to oppose the socialist regime.

Those criminal collaborators of the enemy, who engage in psychological warfare activities and ideological sabotage were monitored and uncovered by the people, who helped the local people's public security forces and administration to promptly stop their bad influence. They have been severely punished by the laws of our state.

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CSO: 4209/429

MILITARY AFFAIRS AND PUBLIC SECURITY

VINH CITY COMBATS ADVERSE ELEMENTS, IMPROVES SECURITY

Hanoi CHINH NGHIA in Vietnamese No 20, 15 May 83 p 3

[Article by B.Q.D. "Vinh City Resists Negative Elements"]

[Text] It is a seething turmoil among the Catholic and non-Catholic people of Vinh City in the war against the new enemy today. During these days, Vinh City along with all of Nghe Tinh Province is upholding a spirit of vigilance and a determination to win in the enemy's multifaceted war of destruction.

The complexity in today's war lies not only in solely "aiming straight at the enemy and firing" but in recognizing the appearance of the enemy and in having new methods to strike.

In meetings of the people, the cadres clearly point out that, "appearances of the enemy's plot to wage a multifaceted war of destruction can occur on a municipal scale through our deficiencies, loopholes and loss of vigilance but the enemy is giving more attention to the use of forces such as spies and agents of all kinds, reactionaries and their allies made up of degenerate, deviant, dissatisfied, crooked, speculating, black marketeering, hoodlum, gangster, soothsayer, etc. elements. These forces are committing crimes and social ills in the political, economic, social, security and national defense aspects."

In V. village while times are still hard, the people continue spending money to purchase brick and cement for the construction of "celestial towers." In Ben Thuy, a woman upon hearing that her son-in-law was attending a self-defense exercise went into a trance and proclaimed, "V. (the self-defense member) has been stripped, stabbed dozens of times and is hanging on the outside of a vehicle." All the relatives were in turmoil. Upon hearing the story, V. swiftly returned to put the altar in order and to tell everyone that he was still alive. Nevertheless, his mother-in-law continued to pray as if he were dead. Even stranger is that fortunetellers and soothsayers come to the churches and Catholic hamlets to practice their profession and many Catholics who have worshipped god and read the Bible for a long time are now building sacrificial altars to worship spirits and to worship Buddha. Social ills such as gambling and robbery and actions of arrogance and unruliness here and there continue to appear. At night in the alleys and streets, one often acquires an earache and a dizzy head from the provocative music or encounters groups of sleepy-eyed, half-grown youths behind their puffs of cigarette smoke and cups of coffee engaged in idle talk about this chairman or that secretary.

Many believe that these incidents of turbulence appear only because life is difficult. The insidiousness of the enemy is also primarily found in that hidden location. They must be brought into the light, attacked and defeated. Seventeen wards and villages and 195 primary level units throughout the city have begun the offensive. Hung Dung Village, Le Loi Ward and Cua Nam Ward have selected points to begin first with the purpose of gaining experience. All of the people have held discussions to understand the plots and stratagems of the enemy and to talk over plans, to seek methods and to propose specific action goals of achievement. The self-defense, militia and assault youth forces and all the people have discovered the lairs of hooligans, thieves and smugglers; pursued the sources of false information; reminded each other to comply with the political security, order and social safety regulations; and educated their children and loved ones to actively work and study, to eliminate superstition and to boycott the pragmatic and disorderly way of life. Many wards and villages have launched movements to "protect the security of the fatherland" by building "secure units to defeat the enemy's multifaceted war of destruction". Trung Do Ward has resolutely struggled against negative occurrences on the streets. Many people have recognized their errors and have destroyed their "celestial towers" themselves. Dat and Dieu, in a self-review held during a meeting of the people, pointed out the evil stratagems in the soothsaying profession. The public security, youth, militia and self-defense forces joined the people in the wards of Hong Son, Le Loi and Cua Nam to confiscate reactionary and decadent cultural materials, to collect illegal firearms and to post guards and patrols in the streets, enterprises and markets and at the railroad stations and bus stops.

Hung Dung Village, in the overall atmosphere of the entire city, studied the resolution on resisting the enemy's multifaceted war of destruction and re-consolidated the Youth Union, the militia and the self-defense forces; also establishing 136 people's security teams. In only one small area like Lang Do, there are dozens of agencies, enterprises, and warehouses with the people engaged both in agriculture and handicrafts. A number of youths were a bad influence, enticing each other to skip school and work and to dress in strange ways. The Municipal Youth Union dispatched cadres to the village to join the administration and primary level youth union units in conducting a concentrated phase of education for all the corrupt youths. Nguyen Tien Chiu, Chairman of the Village Front, was invited to come and speak on the traditions of Lang Do; constant discussions were held on the ideals, way of life and mission of the youth and those with shortcomings conducted self-confession before the administration and representatives of the youth union chapter. Many such as Nguyen Khac D., Phan Tat T., Nguyen Trung T., Le Quang Q., Nguyen Thi B., etc. returned to concentrate on their studies and work, to cutting their hair short and to wearing decent clothing. Hung, Thuan, Thieu and many other fathers and mothers thanked the administration. The Youth Union "returned" the children to their families. One hundred percent of the youth union members in the village pledged to uphold the eight contracts of the youth union member. Night after night, the hamlets are serene. The appearance of the militia and public security personnel on their night patrols and at their guard posts has become a familiar and dear thing. The situation is still not totally satisfactory or peaceful and the struggle is still long and arduous but Lang Do is a fine model in the fight today. With 17 wards and villages and the agencies, work sites and enterprises in the city as strong bastions, the enemy has difficulty in operating.

Vinh City must today still consider many aspects to return a wholesome life and to build a city of lasting spaciousness, beauty and serenity.

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CSO: 4209/442

MILITARY AFFAIRS AND PUBLIC SECURITY

CAPTURED CHINESE AGENTS DESCRIBE ACTIVITIES

Hanoi QUAN DOI NHAN DAN in Vietnamese 22 May 83 p 2

[Article by Lam Hung: "Opposing the 'Cat' Plan"]

[Text] The situation along the border was tense because of the many kinds of provocations and sabotage activities of the Beijing reactionaries.

Chinese reconnaissance agents and spies we had captured confessed their insidious schemes. One of the plots they were carrying out was what they called the "cat" plan. According to that plan, the Chinese public security police were to take goods to the Chinese-Vietnamese border to seduce some of our people. In carrying out that plan they compared themselves to "cats" stalking prey: those among our people who were greedy and went to China to buy goods would be won over and bribed to serve as their lackeys. They were the "mice" whom they would seize.

In order to implement that plan they set up various kinds of markets along the Chinese-Vietnamese border -- temporary markets, open air markets, and "night and day" markets, a type of market that is held only late at night or early in the morning -- at which they conducted psychological warfare and spread the word that Vietnamese who crossed over to buy goods could buy them "cheaply and on credit." The Chinese public security police directly controlled the goods at the markets. Thoughtless Vietnamese or smugglers and people engaged in illegal livelihoods who crossed over to China to buy, or barter for, goods were exploited by them to learn about the situation, and were controlled and used as lackeys.

A number of couriers, organized by the Chinese public security police to smuggle goods and make contacts with lackeys were recently captured by the public security forces of Quang Ninh. They told in detail about those sabotage plots and schemes of the Chinese reactionaries.

Ngo Tong Sang of Hai Ninh village, who specialized in smuggling, often crossed the border into China to trade and was persuaded by the Chinese public security police to serve as their lackey. He declared that "When I first heard that the Chinese were selling goods to and exchanging goods with Vietnamese at low prices, and even sold them on credit, I secretly crossed over to a Chinese market via the Mt. To Lon route. When he saw that I was a Vietnamese who had crossed over to buy or barter goods, a person in civilian clothes came up and

asked me about life and the economic situation in Vietnam, then told me I could get a better deal if I traded with the Chinese public security police. I went to the Dong Hung public security post. There I met a number of Chinese public security policemen: Say Ung, Nhi Pac, and Song Pac. They requested me to provide them with information about the situation and activities of the Vietnamese public security forces and troops, and what I knew about the defensive deployment along the border. Then they exchanged with me 100 bottles of deworming medicine, then told me to return to Vietnam to study the defensive deployment of our troops, the lives of our people, and the activities of our public security forces in Hai Ninh District, and to encourage many other people to cross over into China to buy or barter goods. I took the deworming medicine the Chinese public security police exchange with me to the black-marketing bases in Quang Ninh and Hai Phong so that they could be marketed. I later met Tran Van Phung, also a blackmarketer, from Xuan Lan village. Phung had no wrist watch to exchange for Chinese goods, so I offered to lend him one. Afraid of being discovered by the people, Tran Van Phung and I did not follow the old route but crossed the border into China via the Luc Lam route, then went directly to the Dong Hung public security post. There the Chinese public security police had prepared a big banquet. After the banquet the Chinese public security police met Tran Van Phung and requested him to provide information about the people, troops, and defensive deployments along the Vietnamese border. Say Ung, Nhi Pac, Song Pac, and a number of other public security policemen forced me and Phung to return to Vietnam to encourage soldiers who were on active duty or who had been discharged, but had been stationed in the border area, and cadres in the various sectors, to cross over into China to buy goods."

By means of such people as Ngo Tong and Tran Van Phung the Chinese public security police also sent messages and sent anonymous letters in hopes of smearing loyal cadres and party members, while at the same time making contact with their reactionary lackeys among the Chinese in Vietnam. They brought back news "produced" by the Chinese reactionaries to spread in hopes of inciting the people and cadres and sabotaging us ideologically, economically, and culturally and with regard to our people's lives.

Among the people who had crossed the border into China to buy or barter goods, some had to pay high prices but still had to agree to work for the enemy. After going many times with Ngo Tong Sang, Tran Van Phung sought out Tran Van Chat, lent him a watch, and brought him to meet the Chinese public security police so that he could buy goods. He thought that by doing so he would achieve merit with the Chinese public security police would exchange many goods with him. The reverse proved to be true. Taking advantage of the fact that he had become acquainted with the Chinese public security police, after crossing the border Phung led Chat directly to the Truc Son public security post in China. The Chinese public security police met with Chat and interviewed him about his personal history and asked how many times he had been in China. They questioned him carefully about the reason he came to China. After going through the controlling and bribing procedures, the Chinese public security police requested Chat to describe in detail the situation of the Vietnamese troops stationed in Hai Ninh, Dam Ha, and Ha Coi districts, and assigned him the mission of returning to grasp the situation in Vietnam and reporting to them the number of troops stationed in Hai Ninh District. As for Tran Van

Phung, after answering some questions he was immediately thrown into jail by the Chinese public security police and was not allowed to exchange goods. His watch and possessions were confiscated.

When confessing to the Vietnamese public security police, one of them implored them not to publish his real name. When asked why, he nervously replied, "When they beat me, tortured me, threatened me, and confiscated my possessions, as well as when they assigned me the mission of returning to Vietnam to operate the Chinese public security police told us that after we returned we must inform anyone and must not refuse to carry out our mission, and that if we did not do as they said they would have their people in Vietnam punish them.

They also related many things they had seen or heard, and what had gone on between the Chinese public security police and the people who had come from Vietnam to buy or barter goods. In addition to the people whom the Chinese public security police had, by the use of all sorts of schemes, tested and selected to be their lackeys, other credulous, greedy people who crossed over into China to buy or barter goods had their possessions confiscated and were secretly murdered, without anyone knowing about it.

In many instances, after interrogating the people they had seduced or bribed the Chinese reactionaries shot them and then confiscated their goods and money.

The public security forces of Hai Ninh District in Quang Ninh Province, relying on the mass movement to defend the security of the homeland, promptly discovered the above-mentioned sabotage activities of the Chinese reactionaries. The close cooperation among the public security forces, and the people has brought about good results. The troops and people of the ethnic minority groups clearly understand the deceptive, wily plots of the enemy and continually inform the public security forces about the activities of the bad people in the border area. The people learned about the border crossing by the Ngo Tong Sang gang and the relationship between them and the Chinese public security police, and helped the people's public security forces capture them red handed.

5616
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MILITARY AFFAIRS AND PUBLIC SECURITY

RICE SMUGGLING ON SAIGON RIVER DESCRIBED

Hanoi NHAN DAN in Vietnamese 16 May 83 p 3

[Article by Minh Thuy: "Removing the Rice Smugglers from the River"]

[Text] The "rendezvous point" is a place along the boundary line of Nhan Be District, Binh Chanh District and the 8th Precinct. At the Rach Ong Bridge, the Saigon River divides into many narrow channels and small waterways. The small, compact motorboats of the smugglers usually disperse their cargo during high tide. The ramshackle houses along the river have long walkways stretching into the water, which are very convenient places for the boats to tie up and deliver their cargo to the houses, where it is stored for a while and then taken to be sold at the various markets within the city.

The dishonest merchants usually collaborate with boat owners who have transport contracts with joint public-private transport enterprises to steal goods from the state. They steal anywhere from two or three to dozens of bags (each of which weighs 50 kilograms). They do this by pilfering about 4 kilograms of rice from each bag and then adding water to the bag to make up the 4 kilograms in weight. By increasing the moisture content by 1 percent, they can steal 1.2 tons from every 100 tons of rice. In Nha Be, L.V.Q., a dishonest merchant, is the owner of a transport vessel and also owns a motorboat that is used solely to pilfer rice from the state and disperse it to be sold at different markets.

A New Method of Operation

Docking at "piers," delivering the cargo and then taking it to the city is an "outmoded" method of operation. Moreover, the people who live along the river, having gradually become aware of this illegal and uncivilized way of earning a living, have cooperated with the economic policy in following and apprehending many "big-time" smugglers.

The smugglers are quick to change their method of operation. They have begun to distribute their cargo in the middle of the river while still in motion and unload one bag at a time from large boats onto small motorboats. If the rice they are carrying is not in bags, they measure out one pail at a time (each pail is the equivalent of 1 gia [as a unit of weight, is equal to 20

kilograms] and pour it into the small motorboats. Once, when tightly surrounded by economic policy, they sunk all of the rice in the river and fled.

The Nha Be economic police unit broke up the organization of D.T.S., which used the papers of a cooperative to bring rice from the western region in large boats, more than 50 tons each time. The "big" gang leaders also include the operators of the small rice mills that are hidden in the areas surrounding ship piers to mill and bag rice to be taken for sale at the markets.

If there are rice gang leaders, there are also gang leaders among the motorboat operators. These are the "long-haired" supervisors at the wharves. If they want to use a motorboat to bring cargo to the shore, dishonest merchants and speculators in rice must "make arrangements" with the supervisor. The supervisor tells the operators of the motorboats where to hide their cargo; later, they must pay the supervisor a "commission" in order to operate on a permanent basis at the "rendezvous point."

Other Smuggler Rendezvous Points

The smugglers on the river do not only operate at the rendezvous point extending from the Rach Ong Bridge to the Cay Kho Station, but also at many other places that are very deserving of attention: the Le Quang Liem Wharf, the Hai Port and the Saigon Port are all very large places for concealing goods. With their mode of operation of keeping everything spread out, the dishonest merchants divide each bag of rice into small, 10 kilogram bags, which are brought into the city by many different methods: by bicycles, motorcycles, two-wheel carts, lambrettas, three-wheel carts and so forth.

Along the highway, although traffic is tightly controlled, dishonest merchants are always watching for opportunities to drop cargo being transported from the vicinities of the An Lac Market and the Ham Tu Wharf at rendezvous points. They usually drop bags of rice from trucks to waiting three-wheel vehicles or oxcarts.

In November, 1982, the public security unit of the 8th Precinct confiscated 18 tons of rice being transported into the city from Can Giuoc in Long An Province. The smugglers had to put the rice into small bags and put the bags on four busses.

The public security, economic police and river police forces of Nha Be District, Binh Chanh District and the 8th Precinct have tracked down smugglers and arrested many "professional" rice smugglers and speculators who had been operating along the river for many years. However, the quantity of rice being smuggled has not declined by much.

One matter deserving of attention is that much more rice is lost in river transportation than in highway transportation.

The communication-transportation sector and the concerned components of the transport enterprises must give their attention to inspecting truck units as well as the boats and ships of the joint public-private corporations with a

view toward supporting the economic police and the river police and putting an end to the smuggling and theft of rice, the destruction of state property and the disruption of the city's market.

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MILITARY AFFAIRS AND PUBLIC SECURITY

MOVEMENT TO BOYCOTT CHINESE BORDER MARKETS LAUNCHED

Hanoi QUAN DOI NHAN DAN in Vietnamese 27 May 83 p 2

[Article by Lam Dung: "Movement To Boycott Going to Border Markets"]

[Text] Under the leadership of the party committee echelons and governmental administrations, Lang Son has mobilized the sectors and mass organizations to, along with the public security forces and troops, go to 101 villages in five key border districts to launch and promote a mass movement to protect the security of the homeland and propagandize and explain to the ethnic minority people the insidious plots of the enemy, so that they can clearly understand them. Therefore, the spirit of revolutionary vigilance was strengthened and the ethnic minority people in those areas provided the administration with much information about enemy activities and helped the public security forces and troops arrest many Chinese spies and reconnaissance personnel who infiltrated to engage in intelligence and psychological warfare, and to sabotage the economy and the people's living conditions, as well as people who cross the border to trade and serve as lackeys for the Chinese public security police. The ethnic minority people have also boycotted going to border markets and oppose the schemes of the Chinese reactionaries to establish contact, win them over, and deceive them. At the same time, they have uncovered, and helped the local People's Public Security Forces break up, dozens of gangs of hooligans, thieves, corrupt people, blackmarketers, and people who engage in illegal livelihood, and recovered for the state dozens of tons of grain, dozens of water buffaloes and oxen, hundreds of kilograms of nitrogenous fertilizer, and many other goods valued at hundreds of thousands of dong.

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CSO: 4209/429

MILITARY AFFAIRS AND PUBLIC SECURITY

BRIEFS

FIGHTING IN CENTRAL HIGHLANDS--Here is a report on the battle activities of guerrillas in the central highlands in central Vietnam: Kon Tum battlefield: On 7 May the guerrillas attacked a group of Le Duan soldiers at (Phlov Thleng) village, killing three and wounding one. On 13 May a platoon of Le Duan soldiers moving to (Chhi Ranh) hill stepped on the guerrillas' mines and punji stakes. One of the soldiers was killed and another four were wounded. On 13 May the guerrillas attacked the soldiers who were out cutting vegetables in the (Phlei Thlo) village's fields, killing one and seizing an AR-15 and 25 rounds of ammunition. On 17 May the Vietnamese soldiers were attacked when they were moving from (Phlov Kroung) to (Phlov Chleck). A soldier was killed and the guerrillas also seized an AK and 30 rounds of ammunition. In sum, the guerrillas killed 6 Le Duan soldiers and wounded 5 others and seized 2 rifles and 55 rounds of ammunition. [Text] [BK080427 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2300 GMT 7 Jul 83]

CSO: 4212/47

INTERNATIONAL RELATIONS, TRADE AND AID

BRIEFS

BULGARIA'S STANISHEV RECEIVES CPV SECRETARY--Hanoi, 15 Jul, VNA--Nguyen Thanh Binh, secretary of the Communist Party of Vietnam Central Committee on a current visit to Bulgaria, was received in Sofia on July 14 by Dimitur Stanishev, secretary of the Bulgarian Communist Party Central Committee. The two sides informed each other of activities of their own parties and discussed international matters of common concern. The two sides agreed to further broaden cooperation between the two parties and states in various spheres of socialist construction. [Text] [OW151515 Hanoi VNA in English 1458 GMT 15 Jul 83]

CSO: 4200/718

PARTY ACTIVITIES AND GOVERNMENT

LAI CHAU HOLDS PARTY ORGANIZATION CONGRESS

Hanoi NHAN DAN in Vietnamese 6 May 83 p 3

[Article by Tran Quynh Hoa and Phung Van Dau: "Second Session of Party Organization Congress of Lai Chau Province: Party Building Is Tied in With Fulfilling the Two Strategic Missions"]

[Text] The simultaneous fulfillment of the two strategic missions was a principal content discussed at the Party Organization Congress of Lai Chau Province as it reviewed the situation during the recent period and discussed the direction and missions of the 1983-1985 period.

With regard to Lai Chau, a border province, to strengthen national defense and maintain order and security is to build the economy and a comfortable, happy life for the ethnic minority people. At the same time, a strong economy must be built to ensure strong national defense and sufficient strength to defeat the many-sided war of destruction of the Chinese expansionists and a large-scale war of aggression should they launch one.

Faced with the situation of the Chinese reactionaries continually threatening and using many insidious schemes in hopes of weakening our forces, the party organization of Lai Chau Province stressed leadership of the military and security work, building a local people's war battlefield position, positively building comprehensively strong border villages, and building combat villages sufficiently strong to promptly smash all plots and acts of the enemy. All villages have drafted operational plans to defeat the enemy whenever they foolhardily invade our country. The soldiers and people of Lai Chau have many times retaliated against the provocations of the enemy, and captured many groups of their commandos and reconnaissance agents. Lai Chau has also adopted the policy of building local armed forces and fulfilling its annual military recruitment obligations. The people's security organizations in the villages and hamlets have been created and consolidated.

With regard to economic development, during the past 2 years Lai Chau many all-out efforts have been made to promote agricultural production, and especially to resolve the grain problem. The province is concentrating on intensive cultivation in a number of areas with high yields and output. The expansion of the soybean area to the rice paddies has opened up a new prospect for Lai Chau to increase the volume of commodity agricultural production. In

general, the province's agriculture has developed uniformly. In 1982 grain production amounted to 130,000 tons, which essentially met the local grain needs. Bringing into play the strengths of the mountain region, Lai Chau has created a number of industrial crop areas, such as 780 hectares of tea, 1,000 hectares of betelnut trees, and 280 hectares of sugarcane. The largest livestock, such as water buffaloes and horses, have developed rapidly in comparison to previous years. Local industry has taken form. The province has gone all-out to ensure communications and transportation and opened the Sin Ho-Nam Loong, Tam Duong-Then Xin, and Pom Lot-Xu Lu roads, and is building a number of other roads. In distribution-circulation activities, all-out efforts have been made in requisition purchasing to control the supply of agricultural products and to receive goods from the central echelon. In the cultural and social work, all-out efforts were made in setting up schools for ethnic minority people and to fight illiteracy. The public health work has concentrated on caring for the people's health, opposing superstition, etc. Lai Chau has also done a good job of building socialist cooperation and assistance relations with the people of Phong Saly Province in Laos.

The transformations of the party organization and people of Lai Chau, a mountain region province with many ethnic minority people and a province which stands on the front line of the homeland's northwestern border, has a very great strategic political, economic, and national defense.

The party organization congress sternly pointed out the deficiencies and weaknesses. The cadres, party members, soldiers, and people do not always have a spirit of revolutionary vigilance. The strengths and economic potential of a mountain region province have not yet been brought into play. Although grain production has increased it is not solid, and forests are still being seriously depleted.

The 6th Party Organization Congress of Lai Chau set forth the following basic struggle direction for future years: "Firmly grasping the proletarian dictatorship, bringing into play the collective mastership right of the working people of the ethnic groups, fully implementing the Party's ethnic policy, simultaneously carrying out the three revolutions, bringing into play the latent capabilities with regard to labor, land, forests, rivers, and streams, reorganizing production and redistributing labor, concentrating on the most important front -- agriculture and forestry -- so that the province can solidly resolve its grain problem, gradually bring into play, with selected emphasis, the three strengths -- forests, animal husbandry, and industrial crops -- and promote the production of consumer goods and rapidly increase exports. On the basis of agriculture and forestry it is necessary to expand industry, handicrafts, and communications and transportation; research the application of science and technology that is appropriate to the conditions of the mountain region; build and consolidate agricultural cooperatives in the low-altitude areas; combine fixed cultivation and habitation with cooperativization in the high-altitude and border areas; develop the districts; and closely combine the economy with national defense."

First of all, it is necessary to do a good job of building national defense forces sufficiently strong to defeat the many-sided war of destruction of the

Chinese expansionists. The party committees are concerned with profoundly educating the cadres, party members, soldiers, and ethnic minority people about the insidious plots of the enemy and the viewpoint of closely combining the economy with national defense and the military mission with the political mission; with strengthening solidarity among the ethnic groups and military-civilian solidarity; and with teaching confidence in the inevitable victory of the revolutions of the three Indochinese countries. The local military, security, and national defense work of the province in coming years must be directed toward ensuring victory over the enemy under all circumstances. In addition to their missions of combat readiness and force building, the armed units in the province have the responsibility of participating in economic construction, promoting production, and working with the ethnic minority people in ensuring social order and political safety and opposing all negative phenomena. Economically, the province will manifest a spirit of self-reliance, strongly develop the existing local capabilities with regard to labor, land, forests, and natural resources, and step up production, in order to meet the local needs, fulfill obligations toward the state, and increase commodity products to export and trade with other provinces, expand production and commerce, and create conditions for the local economy to develop.

During the next 3 years Lai Chau will concentrate on the all-round development of agricultural-forestry production, with emphasis on food production and the development of consumer goods to meet part of the province's needs for clothing and medicines, promote exports, build a number of installations to serve production and life, develop communications and transportation; and establish a new order on the distribution-circulation front to stabilize the people's living standards and meet the on-the-spot combat needs. In 1983 the province will endeavor to attain 136,000 tons of grain in terms of paddy and 2,200 hectares of soybeans (from which 300 tons of seed soybeans will be obtained), and raise 133,000 hogs in order to obtain 13,000 tons of pork on the hoof. It will afforest 800 hectares. It will endeavor to, by 1985, attain 148,000 tons of grain in paddy equivalent (of which 21,000 will be mobilized), 1,000 hectares of tea, 78,000 water buffaloes, 15,000 cattle, and total industrial output valued at 16.6 million dong. Grain production is a foremost mission, but the province will not because of grain production neglect the development of forests. It will endeavor to develop the forest economy, including the improvement of existing forests and the afforesting of new forests. In agriculture, the principal measures will be intensive cultivation, creating high-yield rice areas, developing wet-rice paddies areas, increasing food crop output (especially the various kinds of legumes), and opposing allowing paddies to lie fallow. Subsidiary food crops will be developed everywhere, the people will be encouraged to process and use subsidiary food crops, and the sugarcane-growing area, especially in the Muong Lay and Dien Bien areas, will be increased in order to attain at least 500 to 600 tons of sugar a year and ensure that there is sufficient sugar for the people. With regard to clothing, such fibrous crops as cotton and flax will be developed, the growing of mulberry and raising of silk worms will be developed, and part of the need for cloth to make clothing will be met. Resolution of the clothing problem will receive as much attention as the resolution of the people's food problem. With regard to industrial crops, the province will stress expanding the Tam Duong tea area, increasing the cochineal area in the Huoi Leng and Dien Bien areas,

increasing the tung tree area to 1,200 hectares, and developing the special products crops with high economic value during future years. Lai Chau will assign the management of land and forests to cooperatives and individual cooperative member families in order to cause the forests to grow and blossom, closely combine agriculture and forestry, and rationally use land and forests, both developing agriculture and increasing the potential of forests.

Lai Chau is capable of promoting exports, especially the exporting of special forestry products and the various kinds of medicinal plants. It will endeavor to, by 1985, endeavor to attain an average of 50 dong per person with regard to exported forestry goods. Local industry will stress service to forestry, developing the production of consumer goods and export foods, supplying sufficient numbers of hand tools to the peasants, exploiting local coal sources, developing construction materials, encouraging the production of non-baded construction materials, consolidating the handicraft bases, and fully utilizing all local sources of raw materials in order to develop the handicraft trades. Lai Chau has requested the central echelon to help it build large road networks. Furthermore, it is especially important to note, the province will go all-out to build many roads between the districts and villages, complete the bridge systems on the Lai Chau-Muong Te and Lai Chau-Muong Mo roads, build a new road between Na Pheo and Si Pa Phin, continually maintain the roads leading to the border, complete the road from Sin Ho to Pa Ha, and strengthen nonmechanized transportation and make extensive use of the various kinds of carts drawn by horses, water buffaloes, and oxen in transporting materials, agricultural products, and forestry products and serving the people's travel. In distribution and circulation it will concentrate on strengthening the state commercial system and marketing cooperatives, with emphasis on providing consumer goods for the areas along the border and in high-altitude areas. Paying attention to the material and cultural lives of the ethnic minority people, the congress clearly expressed its responsibility toward promoting production, resolving the food and clothing problems, and providing medical care, housing, and schools for each base and village. It demonstrated concern for the education of ethnic minority children by stressing the training of local teachers, the adoption of incentives for lowland teachers who come to the mountain region to teach, the elimination of illiteracy among youths and teenagers in the remote, high-altitude areas, the resolute elimination of superstition, and the expansion of mass cultural-artistic activities among the people.

The congress discussed the building of a strong party organization, tied in with the fulfillment of the production and combat readiness missions and the strengthening of ethnic solidarity. The province has stressed the building of party bases in districts in high-altitude areas and on the border, and 80 percent of the party bases in the border area have become units which are good in many respects. The direction of party building during the coming period will be to concentrate on strengthening the basic party organizations and consolidating the ethnic solidarity bloc. The party organization's ideological work will concentrate on the education of cadres and party members in order to enable all comrades to clearly realize the reactionary nature of the Chinese expansionists and manifest a spirit of revolutionary vigilance and readiness to fight to defend the homeland under all war circumstances. The party members and cadres, grasping the line of the Fifth Party Congress and manifesting a spirit of collective mastery, are determined to fulfill the economic-social development mission and ensure national defense. Attention

will be paid to building the districts and bases and to training cadres, especially local cadres, basic-level cadres, and ethnic minority cadres, so that they can undertake the local work. At the same time, there must be a correct policy toward and good use of cadres sent to the province by the central echelon and the other places.

The congress launched a seething mass movement to compete in production labor and combat readiness and to victoriously implement the resolution of the party organization congress and transform Lai Chau into a province that is strong with regard to national defense and rich and strong economically.

5616

CSO: 4209/422

ECONOMIC PLANNING, TRADE AND FINANCE

HA BAC COMBINES ECONOMIC CONSTRUCTION, NATIONAL DEFENSE

[Hanoi NHAN DAN in Vietnamese 16 May 83 p 3]

[Article by To Van Nhlen: "Ha Bac Builds Its Economy and Strengthens the National Defense System"]

[Text] Because it is a rear area province that lies directly behind the frontline, Ha Bac has taken the initiative and gradually improved its plans for strengthening the national defense and security systems and maintaining combat readiness; these plans include: the defense plans of the province, the districts and the combat clusters and villages and the plan for the management and mobilization of manpower and materiel to support the needs of combat readiness and combat of the locality and the entire country when necessary. The districts and villages in which main force troops are stationed have attached even more importance to establishing combat coordination and coordinating local rear services. A basic factor that has enabled the province to take the initiative in the implementation of the plans mentioned above has been the coordination of economic construction with national defense work. The districts have constructed defense lines in vital areas and important projects, such as railroad tracks, bridges, facilities at the mouths of rivers and so forth in a manner closely linked to the tasks involved in developing production, such as clearing wilderness, restoring fields to production, improving land in the hills and the lowlying areas, opening new population centers and building state farms. The districts of Viet Yen, Tan Yen, Thuan Thanh and Lang Giang and Bac Giang City have established standing militia units tasked with maintaining combat readiness and security. These units, which consist of young, able-bodied militiamen, are mobile units that have been organized in strategically important villages, such as villages that are communication centers or the scene of markets, and near enterprises and agencies. The coordination of the two tasks of economic construction and the strengthening of the national defense system is also clearly seen in the economic construction units, such as those at the nitrogen fertilizer plant, the Oil Extraction Plant, the Commerce Capital Construction Corporation, etc. Each time they construct a project, the self-defense units of the Commerce Capital Construction Corporation are, at the same time, shock forces that build the project quickly, insure project quality and provide security for materials and machinery. Public welfare projects, such as the two-story department store in Son Dong, the Tan Moc Village public health station in Luc

Ngan District, the housing area of the Bac Giang City Military Command and so forth have been constructed mainly by self-defense shock forces. The militia and youths of the localities of Viet Yen District who are working on the water conservancy front have planted thousands of bamboo plants and eucalyptus trees along both ditch embankments. When combat trenches were being dug, the edges of fields and trench embankments were used to plant mulberry trees for sericulture. Districts such as Tan Yen, Yen The, Gia Luong and Yen Dung and the two cities of Bac Giang and Bac Ninh have organized mobile combat self-defense militia units and interconnected combat clusters consisting of numerous villages, agencies and enterprises. Some units, such as the self-defense forces of the Oil Extraction Plant, Agricultural College Number 2, the Commerce Capital Construction Corporation and so forth, have held maneuvers in fighting methods and combat command operations and achieved rather good results. While building up their armed forces, many combat clusters have maintained combat readiness well, such as the villages of Lien Son, Ngoc Ly and Dai Hoan in Tan Yen District, the villages of Minh Khanh, Son Mai, Van Ha and Quang Minh in Viet Yen District, the villages of Cao Duc and Binh Duong in Gia Luong District, the self-defense forces of the Thi Cau Railroad Station, the southern Duong River self-defense force, the northern Thuong River self-defense force and so forth. Improving the maintenance of political security and social order and safety is always considered by the local party committee echelons and governments to be a basic element in strengthening the national defense system and maintaining combat readiness. Under the leadership of the various party organizations, many localities have organized and made good use of the armed forces and the masses to achieve a combined strength in the maintenance of regional security. A number of villages, such as Ngoc Thieu, Dai Hoa and Cao Thuong in Tan Yen District and Viet Tien, Song Mai, Tu Lan and Minh Duc in Viet Yen District, the Oil Extraction Plant, the Commerce Capital Construction Corporation and so forth have had good "all the people maintain security" movements for more than 4 years.

The main force units that have troops stationed within the province coordinate closely with the local armed forces in struggling against the psychological war, against the acts of espionage and sabotage of the enemy and against other negative phenomena. Joint troop, public security and self-defense militia control stations have been established at strategically important places to prevent illegal trade. Dozens of cases involving the illegal transportation of goods through territory of the province by railroad, river and highway have been uncovered and promptly stopped.

In order to constantly increase the strength of its national defense and security systems and build strong and solid local armed forces, Ha Bac Province has attached importance to developing the role played by demobilized troops, discharged troops and troops transferred to different sectors in order to build its reserve forces. The agencies, enterprises and localities have made efforts to build reserve forces that possess a strong organization and a high spirit of combat readiness so that they can be mobilized whenever necessary.

In 1983 and the years ahead, in conjunction with successfully achieving the socio-economic goals set forth in the resolution of the 3rd Party Plenum, Ha Bac will focus its efforts on tapping the combined strength of the party

organization, the people and the armed forces in order to build a strong and solid national defense system and maintain political security and social order and safety, determined to defeat the multi-faceted war of sabotage being waged by the Beijing expansionists in collaboration with the U.S. imperialists.

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cso; 4209/434

ECONOMIC PLANNING, TRADE AND FINANCE

HO CHI MINH CITY INSTITUTES NEW INDUSTRIAL TRADE TAX

Hanoi NHAN DAN in Vietnamese 5 Jun 83 p 1

[Unattributed article: "Ho Chi Minh City Begins Effective Coordination of Industrial Trade Taxes with Market Management"]

[Text] Ho Chi Minh City has inspected and classified business households and begun to define business volumes, operating incomes and tax levels. The investigation indicated that for many years, not a few households in the 10th, 5th, 6th, 8th, etc. precincts have failed to register their businesses and have been evading taxes. Many business families are not producing the goods for which they are registered or are registered for production but are engaged in illegal goods trading and are seeking ways to bribe cadres in order to evade taxes. The business incomes and profits declared by many are not precisely in keeping with reality.

Complying with the new law on industrial trade taxes, the city is revamping tax procedures and correcting a number of shortcomings in achievement supervision while simultaneously completing inspection and screening of the business registration certificates of nearly 115,000 households.

Many precincts and districts have collected taxes in accordance with the new tax tables, each day collecting an average of 40 percent more than before the new law on taxes. The source of collections is primarily trade and income taxes. Taxes collected during April were at a low level because the establishment of tax registers was late. Beginning the month of May, due to the coordination between tax, trade and public security sectors and the wards and villages, and a close relationship with industrial trade transformation, tax collection activity gradually became a procedure and the level collected became greater than before, primarily an increase in the privately operated commercial area and especially the refreshment service sector. Two precincts, the 1st and 5th, collected taxes in accordance with the new tables for a more rapid increase than the other precincts and began initial good achievement of registration examination and issue and the establishment of licenses (1st Precinct collections increased by nearly 44 percent while the 5th Precinct collections increased by 54 percent.) The 10th Precinct and Phu Nhuan District understood how to rely on the laboring people, established firm coordination between all sectors in the wards and precincts and consequently had a firm grasp of the situation and promptly halted occurrences of declarations made not precisely in accordance with reality in order to reduce trade volumes, business incomes and tax levels.

Tan Binh District tracked down and collected 16 million dong in taxes. A number of precincts and districts also coordinated industrial trade tax collection with market management and expansion of the retail sales network. In the 3rd Precinct, thanks to careful explanation of the new tax policies and good classification of business households, not only did no peddlers abandon their stalls but in some markets, the number of requests for selling goods and paying taxes increased. In the 10th Precinct, a number of wards coordinated with the economic protection police unit to uncover and prosecute a number of households engaged in goods speculation and hoarding, illegal production businesses and tax evasion for the past few years. The tax sector in Binh Thanh District firmly coordinated with the market management units, public security forces, etc. to investigate and apprehend a number of cases of pilferage of state goods and material. The Tan Son Nhat Airfield tax station uncovered the smuggling of dozens of kilograms of heroin; and the Mien Tay Railroad Station tax station apprehended and prosecuted a case of individuals smuggling hundreds of expensive wrist watches.

At the present time, most of the small-scale traders after clearly understanding the law's theme have returned to normal operations. Those engaged in large-scale trading who requested to close down but continued to trade illegally and secretly were forced to pay fines and taxes and to have their warehouse goods inventoried. Some locations went out of business completely or turned their stalls over to socialist commerce. Many large-scale business households returned to operations and fully complied with the tax sector notice; and a number of refreshment business households formed joint enterprises with state commerce.

Ho Chi Minh City, with the help of the central government, is making good efforts in license and goods tax collections while simultaneously revamping the two types of business and income taxes along with a number of other tax types to strengthen the grasp of goods sources, especially on-the-spot goods. State operated commerce has expanded the retail sales network; with efforts made during the second quarter to sell an additional number (besides supply sales goods) of essential goods at a business guaranteed price to cadres, workers, the armed forces and the laboring people.

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ECONOMIC PLANNING, TRADE AND FINANCE

VUNG TAU-CON DAO SPECIAL ZONE STABILIZES MARKET

Hanoi NHAN DAN in Vietnamese 5 Jun 83 p 1

[VNA News Release: "Vung Tau-Con Dao Grasp Goods Sources, Stabilize Market"]

[Text] The service trade sectors in Vung Tau-Con Dao Special Zone have many methods for increasing the source of goods, organizing the service system in markets, wards and villages and contributing to managing and stabilizing the market. Residents of the special zone sell many agricultural products and foodstuffs to the state. During the first 16 days of May, the commerce sector was able to purchase an amount of pork equal to that sold during half of 1982; export peach seeds were doubled and salt was increased by thousands of tons. From this marketing goods source, the sector further increased the number of goods items by seven and opened 11 sales points in Vung Tau. The sector regularly has an amount of pork for sale in stores equal to 50 percent of that sold in the markets and at a cheaper price. Scores of private individuals previously selling pork have requested to serve as agents for the commerce sector. Thanks to that, the price of pork on the free market has dropped from 20 to 30 dong per kilogram. Other products such as cloth, sugar, cigarettes and vegetables have been maintained at a stabilized level. Because the commerce sector has opened many stores to sell goods at a business guaranteed price, a number of products, including rice, have suffered no great changes.

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AGRICULTURE

MARKETING COOPERATIVES SAID TO AID STATE COMMERCE

Hanoi NHAN DAN in Vietnamese 7 May 83 pp 1,4

[Editorial: "On the Distribution-Circulation Front: Marketing Cooperatives, Effective Assistant of State Commerce"]

[Text] Marketing Cooperatives are collective commercial organizations of the working people. In the present situation the class struggle and the struggle between the two paths are taking place fiercely on the distribution-distribution front, and the cooperative commercial forces are becoming increasingly effective assistants of state commerce and are contributing to stabilizing the market and economic-social life.

Many localities have good experience in organizing, managing, and guiding marketing cooperatives. In Nghe Tinh, Thanh Hoa, Ha Nam Ninh, Vinh Phu, Binh Tri Thien, Nghia Binh, Hau Giang, and Tien Giang there are good marketing cooperatives which supply many production means and consumer goods -- including seedstock and breeding stock -- to the peasants and on that basis purchase agricultural products and market products of the family garden and livestock raising economy. In Tay Giang District, Thai Binh Province, the marketing cooperatives are closely tied in with the agricultural cooperatives and supply six products at stable prices to the peasants in the village. In Ho Chi Minh City the marketing cooperative in Subward 18 has gradually increased its purchasing to 98 percent of the marketed hogs, and has organized a service network which operates much more strongly than the private commercial forces.

The collective commercial forces have developed and commercial activities have made progress, but not uniformly or strongly. The sector's retail index amounts to only 11 percent of that of the market as a whole. The old Nam Bo provinces, which have great economic potential, are undergoing transformation in order to develop agriculture, but the development of marketing cooperatives there is still very weak.

The distribution-circulation front is now very fierce, burning, and complicated. There the class struggle and the struggle between the two paths are closely bound to the struggle against the many-sided war of destruction of the Beijing reactionaries, in league with the U.S. imperialists and the other reactionary powers. In order to win victory for socialism and the working people on that front, we must practice economy, develop production, and strengthen

market, financial, monetary, and price management, while at the same time stepping up the activities of socialist commerce along the lines of strengthening state control of the supply of goods; expanding direct exchange relationships between the state and the collective and individual economic sectors in an organized, planned manner by means of two-way contracts; and doing a good job of distributing foodstuffs and consumer goods to the working people, especially the armed forces, the workers, and the civil servants. State commerce has the principal responsibility in the fulfillment of those missions, but it must be assisted strongly and effectively by collective commerce.

The marketing cooperatives must strengthen their forces on the basis of the characteristics of the production and lives of the local people, and take the initiative in expanding commerce along those lines in all spheres: purchasing, processing, retail sales, and service activities.

In the rural areas, state commerce must be boldly delegated to the marketing cooperatives, so that they can serve as agencies in the purchasing of agricultural products and in selling industrial consumer goods to meet the needs of the villages and of such workers' collectives, such as daycare center, nursery schools, weddings, and funerals, and to serve harvests, festivals, projects which concentrate many workers to build roads, water conservancy installations, etc. In the cities, marketing cooperatives must orient their activities toward serving cooperative members and workers in the suburbs, and not "run after goods" in a disorderly manner, buy and sell goods over long distances, imitate the structure of the free market, compete with one another in buying and selling, engage in blackmarket activities, or disturb the market. It is possible to open additional tailoring, laundry, barber, bicycle repair, and household goods repair stores, do marketing for families that are too busy, organize housing repair units, open additional restaurants in places where they are lacking, etc. In the mountainous region, in addition to supplying essential goods the marketing cooperatives must pay attention to supplying goods needed by each ethnic group, and pay adequate attention to serving Tet and the people's festival days.

Only if there is a division of labor and cooperation between cooperative commerce and state commerce in all areas can we reduce the free market and contribute effectively toward the struggle against speculators, and black marketers, and people who evade taxes, raise prices, and oppose the state's market management policies.

In the south, the transformation of agriculture is closely tied in with the transformation of industry and commerce. In addition to adjusting the land and setting up production collectives and agricultural cooperatives it is necessary to promote the setting up of marketing cooperatives and credit cooperatives, and enable collective production relations to be set up not only in the production sphere but also in the distribution-circulation sphere. If that is not done, ultimately the peasants will continue to be heavily exploited by the rural and urban bourgeoisie. The sphere of activity of the collective socialist sector must be expanded by organizing a network of state purchasing points at the hamlet level, so that the private merchants and the collaborators of the commercial bourgeoisie cannot compete with the state in purchasing agricultural products, buy cheaply and sell dearly, or lend money at high interest rates.

The activities of marketing cooperatives must have as their goal service to the production and lives of the local people, not creating a separate monetary fund for a certain person or a certain administrative echelon. The people who work in the marketing cooperative system must be people who have the virtues of honesty, fairness, and impartiality, who are conscious of organization and discipline, who respect the collective mastership right of the working people, and who are professionally capable. If those conditions are lacking the marketing cooperatives will operate at a loss or will become bankrupt and have to close.

The expansion of the activities of the marketing cooperatives must be under the close guidance of the local party committees and governmental administrations.

The marketing cooperatives, which are commercial organizations which arise from the working people and in turn serve the working people, clearly understand the aspirations, psychology, consumption needs, and production capabilities of the people, and are certain to contribute worthily to stabilizing the lives of the people.

5616

C30: 4209/422

AGRICULTURE

MEKONG DELTA EXPANDS TWO-CROP RICE LAND

Hanoi NHAN DAN in Vietnamese 7 May 83 p 1

[VNA News Release: "Mekong Delta Transforms Nearly 200,000 Hectares of Extensively Cultivated 10th Month Floating Rice Land to Intensively Cultivated Two-Season Rice Land"]

[Text] Since the liberation of the south the provinces of the Mekong Delta, especially the six provinces in the Long Xuyen rectangle and Dong Thap Muoi areas -- An Giang, Hau Giang, Kien Giang, Tien Giang, Dong Thap, and Long An -- have transformed nearly 200,000 hectares of extensively cultivated, rice land broadcast-sown in 10th month floating rice which produced low yields (on the average, 13 to 15 quintals per hectare) into rice land which grows two intensively cultivated rice crops a year and produces high yields (on the average, 30 to 35 quintals of summer-fall rice and 35 to 40 quintals of winter-spring rice). An Giang and Dong Thap provinces have changed between 44,000 and 46,000 hectares to growing two rice crops. Hau Giang has changed over about 30,000 hectares, and Tien Giang has essentially transferred its entire rice area to two-crop rice land.

An Giang leads the Mekong Delta provinces with regard to increasing the number of growing seasons and intensive cultivation, so it has much good experience in gradually reducing the 10th month floating rice area (between 7,000 and 9,000 hectares every year). The land in An Giang lying between the Tien and Hau rivers previously grew only one rice crop, in varieties that could stand flooding during the rainy season (10th month floating rice). The province has positively and continuously built complete water conservancy installations and created conditions for increasing the number of growing seasons in the one-crop areas, in area in which it is easy to do so (near rivers) and areas in which doing so is difficult (far from rivers). The province's water conservancy sector drafted a plan to build large, medium, and small water conservancy projects to create ample sources of water, and has a complete system of Class-1, Class-2, and Class-3 canals and all kinds of pumps (large electric-powered pumps, medium-sized mobile diesel-powered pumps, and small pumps) so that water can be brought to the fields. An Giang has paid special attention to building water conservancy installations in the fields, embanking dikes, levelling the surfaces of rice paddies, building enclosing dikes to keep out floodwater during the summer-fall rice season, etc. The An Giang agricultural sector has researched a season-changing formula to increase the

number of growing seasons (such as by replacing the long-term 10th month floating rice varieties with short-term 10th month floating rice varieties in order to promptly grow a late winter-spring crop during the first year and change over to the best formula for growing winter-spring and summer-fall crops during the second year, etc.); used of short-term, high-yield rice varieties; and closely regulating the planting period in order to harvest the winter-spring crop before the dry season and the summer-fall crop before the rainy season.

During the past several years the Mekong Delta provinces have successfully increased the number of growing seasons and attained high yields by practicing intensive cultivation on two-crop rice land. Due to the utilization of favorable natural conditions, growing one 10th month rice crop requires less investment, fewer materials are used, production costs are lower, and high economic effectiveness is attained. In 1982 many large areas growing one intensively cultivated 10th month rice crop attained yields of 35 to 40 quintals per hectare, and some places attained between 60 and 70 quintals per hectare. There are capabilities for rapidly developing the intensive cultivation of a 10th month rice crop on large areas in order to contribute to rapidly increasing the rice output.

5616

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AGRICULTURE

PARTY NEWSPAPER EDITORIAL URGES GUIDANCE OF HIGH-YIELD RICE AREAS

Hanoi NHAN DAN in Vietnamese 6 May 83 p 1

[Editorial: "Guide the High-Yield Rice Areas"]

[Text] In order to resolve the food problem during future years, the resolution of the 3rd Plenum of the VCP Central Committee confirmed that "In addition to increasing the number of growing seasons and clearing wasteland it is necessary to make intensive cultivation the principal means for attaining high yields and high output in all rice areas, even in the midland and mountain regions. Concentrate on creating high-yield rice areas in the Mekong and Bac Bo deltas and in each locality, and pay attention to high-yield fields in the provinces of the mountain region and the former Zone 4. Endeavor to, by 1985, enable the high-yield rice areas to account for one-third of the area planted in rice and to provide half the annual output of paddy."

Creating high-yield rice areas is a selective intensive cultivation method for attaining the greatest possible results with regard to output and commodity production in comparison to the investment level. The national high-yield rice areas are the Mekong Delta and the Red River Delta. Each province and district also has its own key area, with different struggle goals with regard to yields.

A key rice area is an area with rather good soil conditions which has controllable irrigation and water drainage, or in which there will be built water conservancy projects, and in which the average land level is rather high. Our country has three principal rice seasons: the winter-spring, summer-fall, and 10th month seasons. Therefore, depending on the area one, two, or all three crops must be high-yield rice. It is not essential that each area grow high-yield rice in both or all three seasons. Each rice crop in the increased output areas receive priority in investment, but it is necessary to fulfill the ultimate requirements of higher investment effectiveness than in the other areas and the production of a large quantity of commodity products.

Guidance of the key high-output rice areas is also a scientific guidance method. They are places where there are created high-yield models in order to disseminate experiences, where the methods of using and training cadres who are skilled in one type of crop are improved, and which promote the patriotic emulation movement in agricultural production in general and with regard to rice specifically.

Our struggle goal is that by 1985 the key rice areas will account for 35 percent of the cultivated area and 51 percent of the rice output. The localities are responding strongly to that goal. At the end of 1981, 8 percent of the rice-growing area was growing high-yield rice, a total which increased to 13 percent by the end of 1982. The yield in the high-yield rice area in general increased from 8 quintals to 15 quintals per hectare in comparison to the average yield. This year it is necessary to consolidate the existing area and expand it to 32 percent of the total rice area.

The provinces build the increased rice output areas with the cooperation of the agricultural, water conservancy, electricity, financial, banking, grain, and other sectors. Those areas must have their own rice cultivation technical regulations which are discussed democratically in the production units and the implementation of which are closely guided.

Expanding the intensive rice cultivation experiences of the advanced model units and creating high-yield rice areas are two closely related tasks which are intended to achieve highly effective intensive cultivation.

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CSO: 4209/422

AGRICULTURE

QUANG NAM-DA NANG REPORTS RICE YIELDS

Hanoi NHAN DAN in Vietnamese 17 May 83 p 1

[VNA News Release: "Quang Nam-Da Nang: 56 Cooperatives Record Winter-Spring Rice Yields of 40 to 71 quintals per hectare; Phu Khanh: the High Yield Rice Growing Area Records Yields Ranging from 43 to 45 Quintals of Paddy Per Hectare"]

[Text] To date, the agricultural cooperatives in Quang Nam-Da Nang Province have finished harvesting nearly 49,000 hectares of winter-spring rice. Due to the sunny, dry weather that lasted throughout the season, drought occurred on 12,000 hectares and the yield was reduced. However, as a result of building water conservancy projects, appropriately changing the allocation of rice varieties and employing the combined strength of the new production relations, 56 cooperatives (of the 250 cooperatives within the province) have recorded average yields of 40 to 71 quintals per hectare during the winter-spring season. The Dai Phuoc Cooperative, the country's leader in the intensive cultivation of rice, continued to increase its rice yields this season, reaching the level of 71 quintals per hectare. The high yield, intensive cultivation area of Dai Loc District (which consists of the three cooperatives of Dai Phuoc, Dai Hoa and Dai Nghia and measures 900 hectares) recorded an average yield of 65.7 quintals per hectare. The Duy An 2 Cooperative in Duy Xuyen District, which switched to new varieties of rice (it directly sowed two-thirds of its fields with varieties NN 313 and NN 3B) and fertilized each hectare of rice with 15 to 20 tons of organic manure, recorded an average yield of 64 quintals per hectare on 250 hectares. In production unit number 6, many rice fields yielded 90 to 100 quintals per hectare. The entire village of Dai Hoa (which consists of two cooperatives) averaged 66.15 quintals per hectare.

The districts in the southern portion of the province lie in an area of sandy, depleted soil; however, during this winter-spring season, the Binh Tu 1, Binh Dao and Binh Nguyen 2 Cooperatives in Thang Binh District and the Tam Nghia 2 Cooperative in Tam Ky District were able to raise rice yields by 20 to 50 percent compared to the last winter-spring season as a result of applying much fertilizer and selecting varieties of rice suited to their soil.

Quang Nam-Da Nang has mobilized 30,000 tons of grain, thereby completing more than 60 percent of its winter-spring plan quota.

Phu Khanh Province has virtually completed harvesting more than 33,000 hectares of winter-spring rice, with a yield of 32 quintals per hectare. Despite prolonged dry weather, farmers have made full use of every source of water to fight the drought and practice intensive cultivation, as a result of which yields of 43 to 45 quintals per hectare have been recorded in the high yield rice growing area; within this area, eight cooperatives in Tuy Hoa District have recorded yields of 50 quintals per hectare. The farmers of the town of Phu Lam have finished harvesting 580 hectares, recording a yield of 60 quintals per hectare, the highest rice yield in the province.

Phu Khanh is overcoming its difficulties and accelerating summer-fall production. The agricultural sector is guiding the cooperatives in developing every available source of water, planting drought resistant varieties of rice and preparing the fertilizer and insecticide needed to intensively cultivate 20,000 hectares of high yield summer-fall rice, in an effort to achieve average yields of 45 to 50 quintals per hectare. The farmers in Tuy Hoa District and Tuy Hoa City have plowed 8,000 hectares of dry-land fields and prepared 31,000 tons of livestock manure and 1,100 tons of chemical fertilizer, enough to apply 5 tons of livestock manure and 80 or more kilograms of chemical fertilizer per hectare of rice.

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CSO: 4209/434

AGRICULTURE

HAU GIANG PROVINCE ESTABLISHES ADDITIONAL PRODUCTION COLLECTIVES

Hanoi NHAN DAN in Vietnamese 5 Jun 83 p 1

[VNA News Release: "Hau Giang Province Establishes 307 Production Collectives and Six Cooperatives in High-Yield Rice Areas"]

[Text] Since the beginning of this year, Hau Giang Province has established an additional 307 production collectives and six agricultural cooperatives in high-yield tenth-month rice crop areas. Thus, beginning the summer-fall season this year, Hau Giang has 2,437 production collectives and eight agricultural cooperatives, collectivizing 27 percent of the cultivated area. The entire province also has 2,642 production solidarity teams operating in an orderly fashion and actively training to become collectives and cooperatives.

Gaining experience in the cooperativization movement during the past few years, Hau Giang Province this year is emphasizing the preparation of conditions and full achievement of necessary steps. Test cooperatives have been established in the villages, wards and towns with strong production movements and collectives. Collectives of the proper size, convenient for farming and the residents with standards in intensive cultivation, a material and technical base, especially a perfected inner-field water conservancy system, and six to ten collective production seasons with satisfactory results may be consolidated into a cooperative. The province supervises the districts in planning and firmly grasping the actual situation in each production solidarity team, on that basis forming collectives of appropriate size for moving forward later to becoming a cooperative. The province and districts give attention to cadre training and preparing for a sufficient number of skeleton cadres in the collective and cooperative management committees. Six recently formed cooperatives all chose capable cadres trusted by the people.

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AGRICULTURE

BRIEFS

SONG BE GRAIN PROCUREMENT--As of 5 May, Song Be Province had deposited in state granaries nearly 15,700 tons of grain, including more than 11,000 tons of paddy, thereby completing nearly 63 percent of its grain mobilization plan quota for the entire year. Loc Ninh District has deposited in granaries 1,784 tons of grain, 95 percent of its plan quota for the year; the mountain district of Phuoc Long has completed more than 73 percent of its plan quota. The province organized the signing of two-way contracts with farmers at an early date, promptly supplied the necessary materials for production and, on this basis, determined the quantity of grain to be purchased. Ben Cat, the key rice growing district of the province, a district which in its best previous year only completed about 50 percent of its plan quota, has so far completed more than 52 percent of its mobilization plan quota for the entire year. [Text] [Hanoi NHAN DAN in Vietnamese 17 May 83 p 1] 7809

CSO: 4209/434

THE ATTITUDE OF MEDICAL WORKERS CRITICIZED

From HANOI DOI NHAN DAN in Vietnamese 23 May 83 p 3

[Article by Ngo Ann: "What Did We See in the Medical Clinics?"]

"Doctors must be kind mothers." Obeying that precious teaching of their do, the cadres and personnel of the public health sector have continually improved their skills so that they can do an increasingly better, more effective job of serving the people. Many doctors and personnel of the public health sector have endeavored to become heroes and warriors of emulation and advanced workers, and many examples of selflessness in treating patients on the part of doctors, medical aides, and nurses are still recalled with respect and love.

During the past several years some confused people have asked the question, "Are there are too many negative phenomena in medical examinations and treatment? Do the doctors still have the virtue of kind mothers, as they did in the past?" To find the answer to that question we went to examine the actual situation in five medical examination offices and dozens of hospitals in both the city and the rural areas.

First thing that can be stated definitively is that the public health sector in our country has achieved major accomplishments in organizing medical examinations and treatment for the people. Our public health network now extends from the central level down to the village level and has a large number of doctors and personnel. In Hanoi alone there are 6,000 cadres, doctors, and personnel in the city proper, and 5,000 public health cadres at the village level, including more than 1,000 people with college and postgraduate education. There are 10 area polyclinics, hundreds of subward, organ, and enterprise public health clinics, 9 municipal hospitals, and an emergency room in Hanoi Anh. The doctors who work in those hospitals not only work day and night, achieved accomplishments in creative medical research, and also go all-out to serve the people.

On the basis of the actual situation in the places we visited it can be affirmed that in general an increasingly larger number of doctors have manifested the virtue of kind mothers. But there are still some doctors who do not have a strong sense of responsibility or a good attitude toward serving patients. In all hospitals there are still negative manifestations in medical

examinations and treatment, and there is a real basis for the confusion of the masses with regard to the kind-mother virtue of doctors. We clearly observed that fact when we visited local clinics.

At one of the clinics we observed a "doctor" who was always arrogant and abused the patients: "Hey you! Why did you come in here before you were called? Get out of here!" On one occasion a doctor asked a woman, "What's your problem?" She replied that she had a stomach ache. Without waiting for her to describe her symptoms, the doctor said as he was writing on a piece of paper, "You stomach huh? Here's a prescription. Go buy some medicine to take."

The woman, holding the prescription in her hand, complained to someone outside or as she left the office, "I've had this stomach ache for 10 years but the doctor didn't ask me about it, didn't let me describe my symptoms, and did not give me an examination, but hastily gave me a prescription." Then she said in a loud voice, "Next time, even if I die I won't go to the hospital." We knew that she said that out of anger, but if the next time she doesn't go to the hospital or to a doctor, where will she go?

People who are ill always place full confidence in the doctor, and expect careful questions about their symptoms, accurate examinations, and gentle, meticulous instructions from the doctor.

We questioned many patients. Practically all said the same thing, "Since our country is still experiencing difficulties with regard to medicine, we do not demand that the hospital distribute us valuable, rare medicine. We only hope that the doctors will do their best to examine us, treat us, guide us in getting well, and go all-out to ensure that there is sufficient domestically produced medicine to sell to us." Those are legitimate aspirations which our public health sector is entirely capable of fulfilling.

In many hospital rooms we noted that the beds, mats, blankets, mosquito nets, and clothing of the patients were clean. Many patients highly praised the service attitude of the nurses and orderlies. But it is regrettable that in some hospitals and clinics the beds and mats were disorderly and unsanitary and the nurses and orderlies did not take good care of the patients.

At the V.T hospital in Hai Phong and in many other places the relatives of patients had to take turns, night and day, taking care of the patients. While in the hospital they cooked rice gruel and rice. There was thick smoke and rice, vegetables, and meat were scattered all over.

Many people said, as if confiding in us, "Try to understand us. We didn't want to take off from work and sleep on the floor! We don't know why, but every day the orderlies walk pass the patients two or three times a day and then disappear. Thus if they have no relatives who live nearby to take care of them, the patients have no one to give them a drink, help them go to the bathroom, or take a bath. As for the rice and rice gruel the hospital cooks, the patients can't eat them because they are cold and poorly cooked."

... reported these statistics and asked the opinions of a pediatric doctor, a physician, a nurse, and a pharmacist. One person said that "because of the shortage of medical personnel, that situation cannot be overcome." But only one doctor said that "these difficulties are the only ones that are insurmountable," but the main reason is that the government has not yet taken the proper steps and public health personnel is not yet high, and the organization and management of medical examinations and treatment is not yet ideal."

I approved the opinion of the majority of the doctors, because under the present difficult economic conditions, if the doctors and personnel in the hospitals can fulfill their responsibilities these deficiencies can be overcome.

In fact, in some hospitals we observed that patients also complained a great deal about the poor attitude of some doctors in two respects: the organization of examinations and the care of patients undergoing treatment. Therefore, we repeated the observance of the teaching of Uncle Ho: "Doctors must be kind and honest." The problem that is posed at present is for the doctors to endeavor to do a good job of organizing these two aspects.

File
Date 07/07/2000

POPULATION, CUSTOMS AND CULTURE

CAO BANG PROVINCE PROMOTES CULTURAL ACTIVITY ALONG BORDER

Hanoi VAN HOA NGHE THUAT in Vietnamese No 136 Apr 83

["Cultural Activities Within the Nation" Column: "Cao Bang"]

[Text] The Cao Bang Provincial cultural and information sector has intensified activities to serve the people in the districts and villages along the border in order to resist the psychological warfare of the Chinese expansionists and hegemonists. Twenty one units of the Film Projection Corporation last year showed films to 2.5 million people, including 550,000 people living in the border area. On the average, each citizen saw twice as many films as he saw last year. The Cultural and Information Service also held five advanced training classes on information propagandizing and editing for more than 200 students. Thanks to that, Cao Bang Province has established a fairly large number of information units in the districts and villages. The roving information units of Thach An, Ha Quang, Cho Ra, etc. districts have traveled to highland areas along the border to organize stimulating information activities, show films and disseminate policy to more than 60,000 people. Many villages in the districts of Ha Quang, Thach An, Nguyen Binh, etc. have actively mobilized the ethnic minority people in conducting a new way of life in their marriages and burials and in eliminating backward customs and superstition.

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CSO: 4209/442

POPULATION, CUSTOMS AND CULTURE

MUONG MINORITY PEOPLE SPOTLIGHTED

OW170853 Hanoi VNA in English 0750 GMT 17 Jul 83

[From "Vietnam" pictorial]

[Text] Hanoi, 17 Jul, VNA--The Muong population in Vietnam numbers more than 700,000, mostly living in the provinces of Ha Son Binh, Thanh Hoa, Ha Nam Ninh, and Hoang Lien Son in valleys hemmed in by limestone and earth hills linking northwestern Vietnam and northern central Vietnam with the Red River Delta. Their houses-on-stilts stand on ridges along the valleys, leaning against the hillslopes and looking out on streams and fields. From the surrounding forests they take building materials (timber, bamboo, rattan), collect (?wild) tubers and vegetables, and hunt game for food. Jungle streams irrigate their fields and supply them with drinking and washing water as well as fish and shrimps for their daily meals.

A Muong village evokes the traditional village of the Viet (or king-who constitute the majority of the people) with a banyan tree at the entrance gate, a communal house, and temples dedicated to various deities. Now one often sees a well with a raised edge of bricks or masonry, a school, a health station. The traditional house-on-stilts is more solidly built, with added amenities brought about by changes in the cultural life.

The Muong female dress is very graceful: a tight indigo skirt, an embroidered bodice, a short vest, a green sash, a white scarf and a brilliant metal neck ring. Muong girls are quite good at sewing and embroidering and have adapted their clothing to the requirements of modern life but whenever they feel the need to assert their Muong identity they still prefer the traditional dress.

The Muong are very hospitable and guests are always welcome either to an ordinary meal or a feast. In Muong country, the year is marked by periodical festivals and ceremonies. Young people get on swings, throw "cow" stuffed balls, engage in singing bouts.... Elderly people beat bronze drums and gongs at ritual ceremonies. Games are played along with wrestling matches, tugs-of-war, etc. At present, the new life has introduced new aspects into the ceremonies. On the occasion of the lunar New Year or the national day, socials are organized with song recitals featuring not (?solely) traditional folk songs but also newly-composed tunes praising the progress of the homeland.

At nightfall, a Muong house will come alive with various activities, all taking place around the hearth where flames leap. The mother will set at her spinning wheel, the daughter at her hand loom, the old grandparents will warm themselves at the fireplace, chew betel and tell stories to the younger kids.

More than 10,000 years ago, primitive man lived in caves in the region of Hoa Binh, where archaeologists have discovered heaps of mollusk shells, stone implements and human bones.

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